The NATIONAL UNDERWRITER

THURSDAY, JUNE 20, 1957

THE NATIONAL UNDERWRITER, Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 61st year, No. 25, Thursday June 20, 1957. $7.50 per year (3 years, 20); Canada, $8.50 per year (3 years, $23); Foreign, $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931 at the post office at Chicago, Ill., under Act of March 31, 1879.

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June 20, 1957

61st Year, No. 25

The National Weekly Newspaper of Fire and Casualty Insurance

Underwriting Losses Call for Immediate Remedy, NAIC Told

J. R. Barry Asks for Reduction in Term Rule Discount to Hike Income

ATLANTIC CITY—The underwriting plight of the fire companies is serious, shows no sign of getting better, and needs immediate attention, National Assn. of Insurance Commissioners was told at its annual convention here last week. John R. Barry of Corroon & Reynolds produced figures at the meeting of the fire and marine committee showing a loss in the first quarter of nearly $250 million. He proposed that the discounts on term fire business be reduced to give the insurers 8% more income right now, pointing out that rate incrreases take too long to make themselves felt. He implied that delaying this sort of assistance could have serious consequences.

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Only 24 hours before the fire and marine committee met it had a blank schedule, and the chairman, Bisson of Rhode Island, expected to conclude the proceedings within three minutes. Almost at the last hour the fire company people decided to put their problems on the line.

The discussion got off the ground when Mr. Bisson commented that underwriting losses of the fire companies in the first quarter are in the hundreds of millions, and he asked for an industry expression on this. Mr. Barry offered figures compiled from the quarterly reports that are filed with the California department. He indicated that the crushing loss of the

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Highlights of the Week's News

Treasury List of Bond Qualifiers Is Published

The Treasury Department has published its 1957 list of 190 companies qualified to furnish bonds with the U.S. government. This shows the underwriting limitations of each company (the net limit on any one risk), based on the Dec. 31, 1956, statements. The underwriting capacity is 10% of surplus to policyholders as of that date.

New companies on the 1957 list include: American, American National Fire, Fulton, Gulf American F.&C., Hardware Mutual Casualty, Hartford Fire, State of Pennsylvania, Iowa Mutual, Michigan Surety, Progressive Mutual, United Bonding and Universal Surety.

In the listing below are shown the qualifying powers for 1957 (left hand column) as compared with those in 1956.

	1957 $	1956 $
*Accident & Casualty	771,000	678,000
Aetna Casualty	16,639,000	15,517,000
Aetna Fire	6,849,000	7,094,000
*Alliance	426,000	447,000
American Auto	4,004,000	3,282,000
American Aviation	648,000	587,000
American Bonding	375,000	372,000
American Casualty	1,838,000	1,634,000
American Credit Ind.	1,221,000	1,118,000
American Employers	1,882,000	1,758,000
American Fidelity	187,000	216,000
American General	1,507,000	1,007,000
American Guarantee	707,000	693,000
American Home	2,077,,000	1,938,000
American Indemnity	465,000	489,000
American	11,713,000	——
American Motorists	800,000	800,000
American Mut. Liab.	3,300,000	3,343,000
American Nat. Fire	617,000	——
American Re	2,639,000	2,522,000
American States	853,000	860,000
American Surety	2,458,000	2,525,000
Anchor Casualty	339,000	339,000
Associated Indemnity	1,358,000	1,249,000
Auto-Owners	1,225,000	1,292,000
Birmingham Fire	368,000	353,000
Boston	3,936,000	4,049,000
Buckeye Union Cas.	1,158,000	1,074,000
Camden Fire	1,761,000	1,757,000
Capitol Indemnity	49,000	45,000
*Car & General	126,000	182,000
Carolina Casualty	230,000	220,000
Celina Mutual	284,000	327,000
Central Surety	622,000	680,000
Century Indemnity	987,000	1,039,000
Citizens Casualty	199,000	205,000
Columbia Casualty	794,000	812,000
Commercial	1,662,000	1,932,000
Commercial Standard	341,000	357,000
Commonwealth	748,000	731,000
Connecticut Fire	3,935,000	3,889,000
Connecticut Indemnity	628,000	653,000
*Constellation	216,000	267,000
Continental Casualty	10,076,000	6,201,000
Employers Casualty	670,000	672,000
Employers Fire	825,000	899,000
*Employers Liability	3,833,000	3,688,000
Employers Mut. Cas.	1,251,000	1,118,000
Employers Mut. Liab.	4,784,000	4,424,000
Employers Re	1,743,000	1,602,000
Equitable F.&M.	1,353,000	1,308,000
Eureka Casualty	325,000	322,000
Farmers Elevator Mut.	212,000	96,000
Federal	8,800,000	8,604,000
Fidelity & Casualty	12,863,000	11,700,000
Fidelity & Deposit	4,131,000	3,962,000
Fire Association	4,.98,000	4,535,000
Fireman's Fund Ind.	1,898,000	2,018,000
Fireman's Fund	14,078,000	15,647,000
Firemen's, N.J.	9,491,000	10,331,000
Founders	265,000	317,000
Fulton, N.Y.	455,000	——
General Casualty	1,582,000	1,508,000
General Fire & Cas.	489,000	238,000
General of Seattle	6,242,000	6,229,000
General, Texas	213,000	238,000
General Re	4,164,000	3,786,000
*General Security	350,000	415,000
Glens Falls	5,056,000	4,115,000
Globe Indemnity	3,375,000	3,360,000
Granite State Fire	603,000	607,000
Great American Ind.	2,783,000	2,789,000
Gulf American F.&C.	61,000	——
*Guarantee of N.A.	166,000	171,000
Hanover Fire	2,814,000	2,865,000
Hardware Mutual Cas.	1,137,000	——

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N. C. Gets N. Y. Type of Compulsory Auto

Passage of a compulsory automobile insurance law by the North Carolina legislature surprised most observers. Apparently it was the strong and aggressive support of the measure provided by the farm bureau and state grange, powerful politically, whose local chapters bombarded the legislature with telegrams.

In general the North Carolina legislation follows the New York compulsory measure. During its passage through the legislature it was subject to numerous amendments. The correct, final text is given in substance below. The law becomes effective Jan. 1, 1958, and runs to May 15, 1961.

AN ACT TO ENCOURAGE AND PROMOTE FINANCIAL RESPONSIBILITY OF OWNERS OF MOTOR VEHICLES.

Section 1. No self-propelled motor vehicle shall be registered in this state unless the owner at the time of registration shows proof of financial responsibility. Proof of financial responsibility shall be evidenced by a certificate of insurance or certificate of a financial security bond or a financial security deposit or by qualification as a self-insurer, as these terms are defined and described in article 9A, chapter 20 of the general statutes of North Carolina. The owner of each registered motor vehicle shall maintain proof of financial responsibility continuously throughout the period of registration, provided that where insurance is the type of proof of such financial responsibility such insurance policy need not be written for a period coterminous with the registration year. When insurance with respect to any motor vehicle is terminated by cancellation or failure to renew, the owner shall forthwith surrender the registration certificate and plates of the vehicle to the department of motor vehicles unless proof of financial responsibility otherwise is maintained in compliance with this act.

Sec. 2. No contract of insurance or renewal thereof shall be terminated by cancellation of failure to renew by the insurer until at least 15 days after mailing a notice of termination to the named insured at the address shown on the policy. Time of the effective date and hour of termination stated in the notice shall become the end of the policy period. Every such notice of termination for any cause whatso-

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Mississippi Agents Elect Brannin, OK NAIA Ad Program

Attendance, Membership at New Highs in Gulf Coast Meeting

By JAMES C. O'CONNOR

EDGEWATER PARK, MISS.—Mississippi Assn. of Insurance Agents, with over 430 registered, and with membership at an all-time high of 348, set a new attendance record at its annual meeting at the Edgewater Gulf hotel here last week. Crowded


Clant M. Seay


Theo. Hardy

sessions were evidence of the interest of the Mississippi agents in the insurance problems on the agenda and the meeting came to a climax Saturday morning when the members unanimously and enthusiastically approved the National Assn. of Insurance Agents advertising campaign. It seemed evident that there will be little trouble raising Mississippi's share of the money.

Robert Brannin, Starkville, was elected president, succeeding Warner Wells, Jr., Greenwood. Mr. Wells, whose late father was president in 1938, gave an excellent account of himself as presiding officer and received a well-deserved hand for a constructive and successful administration. Mrs. Wells was a charming and popular first lady of the convention.

I. A. Rosenbaum, Jr., Meridian, who has carried the ball for several years

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Late News Bulletins . . .

Fires Down First Time in 15 Months

Fire losses in the U. S. in May amounted to $79,045,000, a 9.8% decrease from May, 1956, according to National Board. The total was a decrease of 8.1% from April, 1957.

Losses for the first five months total $480,445,000, an increase of 8.5% over the first five months of 1956. The May decrease was the first reduction in total, compared with the preceding year, since February, 1956, 15 months.

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Spellacy Withdraws Auto Increase Okay

A few hours before substantial automobile rate increases were scheduled to go into effect in Connecticut, Commissioner Spellacy telegraphed National Bureau of Casualty Underwriters, National Automobile Underwriters Assn., and Mutual Insurance Rating Bureau that approval of the increases had been withdrwn. The telegram indicated that companies and bureaus will have to submit additional information and statistics to justify the increases.

The increases had been announced by the bureaus, effective June 19, and the

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1957 Argus Casualty Chart Gives Record of 207 Companies

Loss and Expense Ratio of 98.2 Compares With 93.4 the Year Before

The figures of 207 fire and casualty companies of all classes that wrote $5,000,000 or more in net casualty premiums in 1956 have been tabulated for the new 1957 Argus Casualty & Surety Chart, just published by The National Underwriter Co. These companies had net premiums written on all business in 1956 of $7,565,850,092 as compared with $6,695,465,510 written by the 187 companies with over five million in 1955 casualty premiums, in a similar tabulation made a year ago. These figures and others quoted here and reproduced elsewhere in this edition represent approximately 93% of the total business of the 689 companies whose individual figures are given in detail in the Argus Chart. The 207 companies include 142 stock companies, 51 mutual companies, and 14 reciprocal and Lloyds organizations.

Assets of the 207 companies at the end of 1956 were $15,746,610,674 and policyholders' surplus was $5,417,713,054, an increase of $179,187,122 from the previous year for the 187 companies in last year's summary. Premiums earned reached $7,305,482,877, an increase from $6,503,958,917 with a loss ratio of 65.4 compared with 60.9 in 1955 and a combined loss and expense ratio of 98.2 compared with 93.4. The gain from underwriting in 1957 was $48,243,918, the 1955 gain was $364,544,178.

The 142 stock companies included above had assets of $12,520,605,135 and policyholders' surplus of $4,559,029,021. Premiums earned on all classes of business were $5,319,428,533 with a loss ratio of 64.1, up 4.3 points from 1955, and a combined loss and expense ratio of 99.9% producing a net loss from underwriting in 1956 of $76,732,710 compared with a gain of $170,175,185 in 1955.

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These same stock companies produced a total of premiums earned on all classes of casualty business of $4,383,487,000 with losses incurred including adjusting expenses of $2,855,240,000 for a loss ratio of 65.1. The 1955 loss ratio on earned premiums of $3,879,840,000 was 61.1%. Automobile was the largest classification included in these totals with premiums earned of $2,313,717,000, losses incurred of $1,606,240,000 for a loss ratio of 69.4 compared with 63.5 in 1955. Individual Accident and Health produced premiums earned of $143,337,000 with a loss ratio of 46.1 compared with 46.3 in 1955 and the Group Accident and Health premiums earned were $342,967,000 with a loss ratio of 83.2 compared with 82.2 in 1955. Liability bodily injury other than auto premiums earned increased slightly more than 10% to $393,509,000 with a loss ratio of 53.9 which is 1.8 points lower than for 1955. Workmen's Compensation premiums earned were $666,484,000, up $54,373,000 from a year ago. The

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Auto Classification Report of NAIC Brings Matter Up to Date

National Assn. of Insurance Commissioners has well in hand the problem of classifying automobile physical damage risks, according to the report of the committee on insurance covering installment sales and loans presented at the annual meeting last week at Atlantic City. The report, which seems to be designed to represent the official position of NAIC on this touchy subject, said the entire matter was reviewed "to ascertain the effectiveness of the remedial measures adopted."

It was the contention of the companies involved in the complaints that misclassifications resulted from the failure of the rating manual of National Assn. of Automobile Underwriters to provide for the obtaining of rating data "in these cases," the report said. Under the provisions of the collision manual in effect at that time, insurers had the right to assign the highest rated classification in the absence of detailed rating information, according to the companies involved. The report says that without passing on the merits of this contention, "steps were taken by NAIC to have the manual of the NAUA amended so as to prevent any future misclassification by providing that rating statements signed by the applicant or by the producer must be furnished the company for all collision risks involving individually owned private passenger automobiles and that the private passenger automobile collision classifications endorsement (rating information) must be attached to all policies covering private passenger individually owned collision risks. This manual change became effective Feb. 1, 1956."

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It was the legal position of the companies that even if misclassification did take place and refunds were due, the finance company which purchased and paid for the insurance would be entitled to the refund. The companies further contended that their obligation would not be discharged by paying anyone else. "Although the companies did not waive their legal position or contentions, the NAIC prevailed upon them to make refunds directly to the car purchasers. Programs were immediately instituted to effectuate the refund of any over-payments resulting from said misclassifications."

In order to appraise the results of the refund programs of the states, a motion was adopted that a letter be sent to all commissioners requesting that each of them furnish a complete report of the refund program in each state. Returns on these reports are incomplete, but information at hand indicate that substantial sums have already been refunded.

"In view of the change in the manual of the NAUA and the statistical information . . . indicating the elimination of misclassifications, it is unnecessary to take any further action at this time," the report concludes. It is recommended that the subcommittee be continued and additional statistical and factual information be obtained and that the subcommittee report within 60 days any recommendations with reference to implementing procedures in the states regarding refunds. It is also recommended that periodic checks be made by the subcommittee

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NAIC Annual Meeting Is Strictly Routine Affair

Fire, Casualty Activity at Minimum, Election of Officers Follows the Book

An estimated 250,000 sheets of paper were used to produce committee reports at the annual convention of National Assn. of Insurance Commissioners last week at Atlantic City, but as far as the fire and casualty business was concerned it was a dead horse affair except for the straightforward request that discounts on term insurance be modified. Although this was treated rather innocuously in the fire and marine committee report, the reaction of the commissioners was mostly favorable and the industry people are determined to get something done to improve the underwriting picture.

Of interest to the industry people were the comments of James Cahill of National Bureau of Casualty Under-

R. B. Taylor

J. A. Navarre

writers on the possibilities of uniform rates for automobile assigned risks, and the report of the committee on installment sales and loans which appeared to represent the official stand of NAIC on automobile PHD misclassifications.

The election of NAIC officers was a routine affair, producing no surprises and a minimum of excitement. There was no contest for the bottom position on the ladder, chairman of the executive committee, it being more or less understood that Paul Hammel of Nevada was to take over and be succeeded as secretary-treasurer by J. Edwin Larson of Florida. Joseph A. Navarre of Michigan moved up from vice-president to president of NAIC, succeeding Robert B. Taylor of Oregon. Arch Northington of Tennessee, who went in as executive committee chairman upon the resignation six months ago of J. Byron Saunders of Texas, moved up to vice-president.

Hugh Tollack was reelected assistant secretary.

Members at large of the executive committee are Hayes of Louisiana, Hunt of Oklahoma and Howell of New Jersey. The zone representatives on the executive committee are Holz of New York, Smith of Pennsylvania, Thurman of Kentucky, Sheehan of Minnesota, Combs of Arkansas, and McConnell of California. Mr. Thurman is the only newcomer.

The six NAIC zone organizations held either brief or extremely brief meetings. The chairmen are: I, Humphreys of Massachusetts (reelected); II, Gold of North Carolina (reelected); III, Hayes of Louisiana succeeding Cravey of Georgia; IV, Jensen of North Dakota (reelected); V, Beery of

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A&H Agents Meet 350 Strong at St. Paul; Bennett Succeeds Coffey as President

By WILLIAM B. BORGEL

Editor, Accident & Sickness Review

"We sure are busy today," gasped a harassed bellboy at the Lowry hotel in St. Paul as he almost ran in the completion of his appointed task. The day was June 12, when many of the over-all registration of nearly 350 people converged upon the hotel for the annual four-day convention of International Assn. of A&H Underwriters, at which new goals were set for its services and its growth, and new steps were taken to pave the way for them. These steps include increased dues, a plan for continuous membership effort, furtherance of the association's educational work, and increased public relations activities.

E. J. Coffey

New president of the association is Earle R. Bennett, general agent of Provident L&A., Tampa, who for some years has been a foremost figure in Florida association affairs and who for the past two years has been vice-president. He succeeds E. J. Coffey, Mutual Benefit H.&A., Portland, Ore., who is now chairman, succeeding Clifford E. McDonald, International Fidelity, Dallas.

Two new vice-presidents were elected: Gail L. Shoup, Lincoln National Life, Grand Rapids, Mich., and Oakley Baskin, Mutual Benefit H&A, Buffalo, a prime mover in developing the Leading Producers Round Table. Jay De Young, DeYoung & Associates, Oak Park, Ill., was reelected controller.

In accepting the presidency, Mr. Bennett said: "I believe that there should always be an accident and health association separate in its entirety from any other association."

He set up these nine objectives: Strong emphasis on membership and its conservation; strong group and claim committees with special seminars on these subjects at the next convention or regionally; changes in the educational program developing an advanced correspondence course similar to those offered by some companies; a stepped-up legislative program; revision and improvement of the speakers' bureau; provide periodic informational service to sustaining and associate company members; intensify public relations, promote the Leading Producers Round Table; revise by-laws to provide each year for a president-elect for continuity of leadership.

Elected to the board for three years were: William E. Reinsh, Massachusetts Bonding, Omaha; John Forrest, Mutual Benefit H.&A., Akron; John G. Galloway, Provident L.&A., Birmingham; Paul M. Klein, Mid-America agency, Kansas City, Mo.; Glen Brooks, Southland Life, and F. Kenneth Stoakes, Loyalty group, Los Angeles. Elected for two years was Paul Raines, Hoosier Casualty, Des Moines, and for one year, Herman Hoskins, Educators Mutual Life, Charleston, W. Va. Retiring board members are Howard E. Nevonen, Washington National, Los Angeles, and Emerson Davis, Inter-Ocean, Dallas.

The delegates, by majority vote, increased annual dues from $5 to $8, effective Sept. 1. The $8 will then be the International's share of the full amount of annual dues. Discussion that preceded the vote was highlighted by an appeal for the new rate by Mr. Coffey. Some opinions were that the $8 rate is not enough.

The proposal for increased dues came after Jay DeYoung, controller, made the annual financial report. It showed a deficit for the past year as a result of increased costs of services and salaries—despite economies exercised in some of the operations—and by decreased receipts in membership dues.

With membership continuing to be a prime problem that prevents the organization from progressing, the association took definite steps toward a solution. Gibson Wright, Continental Casualty, assistant to the president, was named membership chairman and it was decided to employ a membership representative to give full time to building the ranks of the association. This reactivates the plan that was operated for a while two years ago and for which a special membership fund was established by subscription.

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Organization in New Tex. Insurance Board Is Completed

AUSTIN—The new Texas board of insurance became official last week along with announcement of its three appointed members, but questions relating to its legal status and powers are holding up various actions pending rulings of the attorney general.

The appointees are District Judge Penn J. Jackson of Cleburne, who will be chairman; Joe P. Gibbs of Seguin, a holdover from the former commission, and David B. Irons of Fort Worth, now first assistant in the criminal division of the Department of Justice in Washington. They are due to take office July 1.

In the meantime, Chairman John Osorio and Commissioner Mark Wentz of the now non-existent commission, who have resigned, remain with the department. The new act, which became effective when signed June 12, not only limits powers of the board but specifies that actions on an administrative level must be made by a new executive commissioner, who is to be selected by the board.

Complex legal questions on powers, duties and rights arising out of the tangled situation are now before Will Wilson, attorney general, for study and opinion. At the moment major interest is centering in what will be done about picking an executive commissioner, whose $20,000 annual salary is provided in the appropriation bill which will not become effective until Sept. 1.

Fraudulent Insurance Statements to Bring Jail Term in Texas

AUSTIN—An affirmation under penalty of perjury on all reports made by insurance companies to the Texas insurance commission is required in a new law signed into immediate effect last week by Gov. Daniel.

The required statement, similar to that incorporated in income tax returns, is in addition to the previously required notarized affirmation of the truth of a report. It is to be placed on annual reports, returns, declarations, statements, documents or other reports made by any person, firm, association, company, corporation or other insurance organization under any provision of the code.

Fraudulent execution of any such document containing the penalty of perjury provision, if it includes false statements, means a penalty on conviction of not less than two years nor more than five years in prison plus a $5,000 fine.

The statement to be signed reads: "I declare under the penalties of perjury that I prepared this (report, etc.) for the person, firm, association, company, corporation or other insurance organization named herein; and that this (report, etc.) including the accompanying schedules, statements and exhibits is a true, correct, and completed (report, etc.) based on all the information relating to this matter as required under the provisions of the insurance code, as amended, of which I have knowledge."

Blue Cross in Red for '57 in Mich.; Rate Hike Request Expected

William S. McNary, executive vice-president of Michigan Hospital Service (Blue Cross) and Jay S. Ketchum, executive vice-president of Michigan Medical Service (Blue Shield) have revealed that the two plans are running in the red for the first quarter of 1957. The disclosure is regarded as preliminary to a request for increased rates.

Although both plans provided services for more members than ever before, Mr. McNary said that the Blue Cross deficit for the quarter was $563,000, or approximately 2% under income. Mr. Ketchum reported a first quarter deficit of $713,000 for Blue Shield, 6.4% below income.

Combined payments to hospitals and doctors were in excess of $38,000,000, for the quarter, a record for any three-month period and 6.4% above the same quarter for 1956.

Mr. McNary attributed the poor Blue Cross showing to increased hospital operating costs and an increase in the number of admissions per 1,000 members. Blue Shield costs were increased by more extensive use of services per member, said Mr. Ketchum, both from increased use of hospitals for treating medical cases and from continual advances in medical science which make necessary many additional services in the treatment of disease.

MacKechnie Retiring From Scottish Union, Has Been N. J. State Agent 50 Years

Andrew MacKechnie, executive state agent in New Jersey for Scottish Union, and state agent of the company in that territory for 50 years, is retiring. He will be succeeded by State Agent Albert R. Quackenbush, assisted by State Agent Robert N. Reid.

Poll Mich. Public on A&S Coverages Desired

Michigan State Medical Society and Michigan Health Council are polling a total of more than 100,000 residents to determine what services the public wants covered by medical payment plans, what services are most vital, how much the public is willing to pay, what doctors want for prepaid programs, and what the public's chief medical needs are.

Standard General Agency, Aetna Fire Merge in Rockies

Aetna Fire's agency plant in Utah, Idaho and Nevada was "merged" with that of Standard General Agency of Salt Lake City last week. Standard General Agency has about 200 agents in the territory.

The new combined offices will be known as Aetna's "Intermountain Service Office."

L. William Keyser and Jack Keyser are principals of Standard General Agency. W. L. Keyser has been head of the organization since it was founded in 1940. He will continue with the organization and Jack Keyser will be superintendent of underwriting in the new Aetna intermountain service office.

J. K. Woolley Retires, Clarke Named to Head Wash. Rating Bureau

J. K. Woolley, manager of Washington Surveying & Rating Bureau, will retire July 1, and will be succeeded by George W. Clarke, bureau attorney. R. A. Pedersen will be associate manager, Kermit Gastfield will be chief engineer, and Arnold Lindholm will continue as assistant manager.

Mr. Woolley, who joined the bureau in 1918 and became manager in 1926, created the general basic schedule method of rating and put it into force in Washington. He has been recognized as one of the outstanding rating experts in the country for many years.

Municipal Mutual to Open New HO

Municipal Mutual of Wellsburg, W. Va., will open its new home office building June 25.

New officers of Ladies Auxiliary, **California Pond of Blue Goose** include Marjorie Wells, president; Elsie Bolton, vice-president; Ruth McFall, secretary; Helen Bernard, treasurer; Alvena Pattberg, corresponding secretary; Dorothy Wilson, scribe, and Murial McKenny, parliamentarian.

Thorn Reports All Local N. Y. Boards Okay NAIA Ad Plan

New York State Assn. of Insurance Agents has completed showing the film outlining the proposed NAIA $2 million advertising program scheduled to begin Nov. 1 to each of the 59 local boards in New York.

Reaction has been extremely favorable with all agents who have seen the film pledging their financial backing, according to Craig Thorn Jr. of Hudson, president of the state association. Typical of the reaction was that following a showing of the film to a joint meeting of some 200 members of Nassau County Assn. of Insurance Agents and Insurance Agents Assn. of Queens County, who enthusiastically endorsed the national plan, he said.

Max Bookman, district engineer of California department of water resources discussed the problems of water resources in California in relation to fire fighting at a meeting of Southern California Fire Underwriters Assn. at Los Angeles.

10 Sprinkler Companies Fined $71,000 for Anti-Trust Violations

Ten automatic sprinkler manufacturers and distributors, recently indicted by a federal grand jury in Chicago for violations of the Sherman anti-trust act, have been fined a total of $71,000 upon their refusal to contest the government's charges that they fixed prices and allocated customers in Indiana, Illinois and Iowa.

The companies and their fines are: Viking Automatic Sprinkler Co., Chicago, $10,000; American Automatic Fire Protection Co., Chicago, $1,000; C. L. Doucette Inc., Chicago, $3,000; Fire Protection Co., Chicago, $2,000; Grinnell Co., Providence, R. I., $20,000; Automatic Sprinkler Corp. of America, Youngstown, O., $10,000; Rockwood Sprinkler Co., Worcester, Mass., $10,000; Globe Automatic Sprinkler Co., Philadelphia, $5,000; H. C. Vogel Co., New York, $5,000, and Blaw-Knox Co., Pittsburgh, $5,000.

Hold Hearing on U. S. Driver Training Bill

WASHINGTON—Testifying before a special House subcommittee on traffic safety during a hearing on a proposed $28 million federal aid program for high school driver education, Stanley F. Withe, secretary of Aetna Casualty, applauded the aims of the bill, but opposed provisions contained in it which would restrict local authorities as to the manner in which the funds are spent. "This decision should be left to state and local boards of education which are most conversant with local needs," he said.

As proposed, the measure would limit expenditures on equipment to be used in the program to 5% of the funds appropriated.

Mr. Withe said the restriction on equipment expenditures would limit a school's ability to obtain the required number of dual-control automobiles and other training devices employed in an effective program. He was called before the subcommittee to report on the Aetna Drivotrainer, driver education device now in use in 30 schools and colleges in 10 states.

Agents Assn. of Nassau County, N.Y., Nominates

Nassau County (N.Y.) Assn. of Insurance Agents has nominated the following to be voted upon at the annual election June 27 in Westbury: Charles Day of Rockville Centre, president; Clifford Sahm of Great Neck, vice-president; Frances Mantel, Garden City, treasurer; Curtis Elrod, Williston Park, secretary, and Lionel Goldberg of Glen Cove, and Dick Thompson, Valley Stream, directors.

Va. Rating Bureau Elects

Virginia Insurance Rating Bureau has elected A. J. McDavid, secretary of New York Underwriters, chairman of the governing committee. R. W. Criswell, secretary of Aetna Casualty, was named vice-chairman.

R. V. Leary of Great American was appointed chairman, and Stuart K. Frayser of Springfield F.&M., vice-chairman of the bureau's executive committee. L. O. Freeman Jr. was re-elected bureau manager, E. D. Sommers assistant manager, and C. L. Puryear Jr. rating superintendent.

$200,000 Loss in Montana Grain Elevator Blaze Insured

A fire which destroyed a grain elevator of Greely Elevator Co. at Carter, Mont. consumed 188,000 bushels of grain, barley and wheat and caused a $200,000 loss. The building was valued at $80,000 and contents at $120,000 and the entire loss was covered by insurance, officials of the company reported.

AEC Issues Access Permits

Atomic Energy Commission has issued permits giving American Hull Insurance Syndicate, American Institute of Marine Underwriters, Hardware Mutual Casualty, and New England Mutual Life access to restricted data for use in the peaceful application of atomic energy.

Vanguard and **Republic,** both of Dallas, have been authorized to write business in New Jersey.

Meany Asks Law Covering Company-Run Employe Welfare Plans

Labor will support pension and welfare fund legislation if it requires strict registration, reporting and disclosure to the federal government by management-controlled funds, President George Meany of AFL-CIO told the Senate labor and public welfare subcommittee headed by Sen. Kennedy of Massachusetts at Washington.

The legislation should apply to all types of plans, whether administered by the employer, the union or jointly by the union and management, Mr. Meany said. The management-administered plans are equally, if not more, susceptible to abuse than the jointly run plans, he charged. AFL-CIO would oppose legislation which would exempt any type of plan from the disclosure requirements.

He said most of the abuses which have been disclosed could not have occurred or persisted if states had been more diligent in policing their jurisdiction.

Mr. Meany said the health insurance plan written by Metropolitan Life on General Electric Co. employes is an argument for disclosure legislation covering management-run plans. He said two directors of General Electric also are directors of Metropolitan. Also, General Electric did not seek competing bids for the insurance contract.

General Electric and Metropolitan Life issued statements pointing out that Philip D. Reed, chairman of G.E., and Robert W. Woodruff, the directors mentioned by Mr. Meany, both became Metropolitan directors after the health plan was initiated. Since the amount contributed by employes is fixed by union contract and the company pays the balance, no matter how large it becomes, only the company and not the employes would suffer if anything less than the best available rate were paid, G. E. said.

Allied Adjusters Opens 12 Offices in Ohio

Allied Adjusters, which has its headquarters in Baltimore, has now completed the establishment of 12 offices in Ohio.

The Ohio offices are located at 221 West Exchange street, Akron; 3215 Cleveland avenue, N. W., Canton; Transportation building, Cincinnati; 4900 Euclid avenue, Cleveland; 447 East Broad street, Columbus; 11 West Monument avenue, Dayton; 114½ North West street, Lima; 24 North Mulberry street, Mansfield; First National Bank building, Springfield; P. O. Box 1448, Steubenville; 151 Michigan street, Toledo; 3119 Market street, Youngstown; and Taylor building, Zanesville.

Chicago GA Promotes Two

Moore, Case, Lyman & Hubbard, general agency of Chicago, has named Marcus H. Eberle to head the fire and marine department, and has promoted Thomas F. Sheehan to head of the personal lines department. Mr. Eberle has been with the agency since 1951 and Mr. Sheehan since 1953.

Investigate BC in Mass.

A special committee has been appointed by the Massachusetts legislature to probe Blue Cross rates and practices, following the recent approval of a Blue Cross rate increase of 14 to 44% by Commissioner Humphreys. This is a house committee and will be composed of representatives of both political parties.

Hullett Appoints Committee Chairmen of National Board

James C. Hullett, president of Hartford Fire and of National Board, has appointed the standing committee chairmen of the board for 1957-58. They are:

George L. Armstrong, Cledonian, accounting; Milton W. Mays, Continental, actuarial bureau; Olaf Nordeng, Aetna Casualty, adjustments; George D. Mead, Glens Falls, conference committee with other insurers; C. M. Gallagher, Atlas, construction of buildings; and William C. Ridgway Jr., U.S. Fire, finance.

Also, S. Dwight Parker, Springfield F.&M., fire prevention and engineering standards; John Newlands, Scottish Union, incendiarism and arson; H. Clay Johnson, Royal-Globe, laws; Kenneth E. Black, Home, maps; J. R. Robinson, Phoenix of N. Y., membership; Roland H. Lange, Hartford Fire, public relations; ane E. H. Forkel, National Fire, statistics and origin of losses.

N. C. Gets N. Y. Type Compulsory Auto

(CONTINUED FROM PAGE 1)

ever sent to insured shall include on the face of the notice a statement that proof of financial responsibility is required to be maintained continuously throughout the registration period and that operation of a motor vehicle without maintaining such proof of financial responsibility is a misdemeanor. Upon the termination of insurance by cancellation or failure to renew, notice of such cancellation or termination shall be mailed by the insurer to the commissioner of motor vehicles not later than 15 days following the effective date of such cancellation or other termination.

Sec. 3. The department of motor vehicles, upon receipt of evidence that proof of financial responsibility for any motor vehicle registered in this state is no longer in effect, shall revoke the registration of such vehicle and such revocation shall continue until proof of financial responsibility for said motor vehicle is presented to the department.

Sec. 4. Failure of an owner to deliver the certificate of registration and registration plates issued by the department of motor vehicles, after revocation thereof as provided in this act, shall constitute a misdemeanor.

Sec. 5. On and after Feb. 16, 1958, any owner of a motor vehicle registered in this state who shall operate such motor vehicle or permit it to be operated in this state without having in full force and effect the financial responsibility required by the provisions of this act, shall be guilty of a misdemeanor and upon conviction shall be punished, for each offense, by a fine not to exceed $50 and not less than $10 or imprisoned not to exceed 30 days.

Sec. 6. The provisions of article 9A, chapter 20 of the general statutes which pertain to the method of giving and maintaining proof of financial responsibility and which govern and define "motor vehicle liability policy" and assigned risk plans shall apply to filing and maintaining proof of financial responsibility required by this Act. It is intended that the provisions of article 9A, chapter 20 of the general statutes relating to proof of financial responsibility required of each operator and each owner of a motor vehicle involved in an accident, and relating to nonpayment of a judgment as defined in G. S. 20-279.1, shall continue in full force and effect.

Sec. 7. The commissioner of motor vehicles shall administer and enforce the provisions of this act to registration of motor vehicles and may make necessary rules and regulations for its administration.

Sec. 8. Any person who gives information required in a report or otherwise as provided for in this act, knowing or having reason to believe that such information is false, or who shall forge, or, without authority, sign any evidence of proof of financial responsibility, or who files or offers for filing any such evidence of proof knowing or having reason to believe that it is forged or signed without authority, shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

Sec. 9. This act shall not be held to apply to or affect policies of automobile insurance against liability which may now or hereafter be required by any other law of this state, and such policies, if they contain an agreement or are endorsed to conform to the requirements of this act, may be certified as proof of financial responsibility under this act; provided, however, that nothing contained in this act shall affect operators of motor vehicles that are now or hereafter required to furnish evidence of insurance or financial responsibility to the North Carolina utilities commission or Interstate Commerce Commission or both.

Sec. 10. This act does not apply to any motor vehicle owned by the state or by a political subdivision of the state, nor to any motor vehicle owned by the federal government.

Sec. 11. The commissioner of insurance, in the manner prescribed by article 25 of sub-chapter V of chapter 58 of the general statutes, is directed to establish rates which adequately and factually distinguish between classes of drivers having safe-driving records and those having a record of accidents, so that those drivers with a record of no accidents shall not be subject to unreasonable, unfair and discriminatory rates.

Frank McCaffrey Named Michigan State Director

M. Frank McCaffrey of Byrnes-McCaffrey agency of Detroit has been appointed state national director for Michigan Assn. of Insurance Agents by President Robert G. Schirmer, Saginaw. Mr. McCaffrey succeeds C. Gilbert Waldo of Detroit, who has resigned for health reasons after serving for five years.

Insurance Loss in Mo., Illinois Storms to Exceed $2 Million

Torrential rains, floods, hail, lightning and tornadoes caused widespread loss of life and property damage in an area extending from southwest of St. Louis to Springfield, Ill. Preliminary estimates of aggregate loss were running more than $7.5 million in the St. Louis metropolitan area; $1 million in Belleville, Ill.; $300,000 in Caseyville, Ill.; $500,000 at Jacksonville, Ill.; and more than $1.5 million in Springfield.

In the St. Louis area, two-thirds of the total damage was caused by rain and consequent flooding June 14 and 15, which came on the heels of an estimated $2.5 million loss due to windstorms two days earlier. Most of the flood damage was uninsured. More than 120,000 dwellings and mercantile buildings were damaged to some extent.

A tornado, which hit Springfield, Ill., June 14, demolished at least 20 dwellings and damaged some 200 more. On the basis of preliminary estimates, adjusters are expecting windstorm and glass claims in the neighborhood of $1.5 million.

Springfield Assn. of Insurance Agents promptly advertised in a local newspaper to instruct insured as to how they could help in obtaining quick settlement of their losses.

National Board has assigned catastrophe number 84 to the storm.

Companies' Cooperation Asked to Stem N. Y Auto Compulsory Misfilings

Speaking at a meeting called to probe the problems which have arisen in the wake of New York compulsory auto law enforcement, Craig Thorn Jr. of Hudson, president of New York State Assn. of Insurance Agents, called upon all companies writing auto liability coverage in the state to make the required FS-4 termination notices available to agents in order to eliminate the misfiling occurring when coverage is changed from one insurer to another.

Mr. Thorn spoke at a meeting of agents and company representatives called in New York by the state motor vehicle bureau. Approximately 400 attended.

Ellis Riker, representing the bureau, conducted the meeting, which was held as an effort to determine why insurers have been forwarding FS-4s in advance of the termination date, and as a result, according to Mr. Riker, "jumping the gun" and "breaking our backs." He charged the practice is fouling the bureau's processing practices with an extra work stemming from duplication. The company procedure has had the bureau cancelling termination notices while processing superceding FS-1 evidence of coverage forms.

U.S.F.&G. Has New Kan. Branch, Makes Four Advancements

U.S.F.&G. has established a branch office at Wichita and has made several field promotions.

David J. Stone, former assistant manager at Oklahoma City, will manage the new office, which will administer the company's operations in central and western Kansas after July 1.

In other promotions, Elwood W. Pierce has been named co-manager and Kenneth J. Tapley assistant manager at Houston. Mr. Pierce formerly was assistant manager there. Mr. Tapley was casualty superintendent at Nashville. In the Kansas City office, Charles M. Reading, superintendent of safety engineering, advances to assistant manager.

Mr. Stone joined the company at Oklahoma City in 1947 as an underwriter, and was a special agent and casualty superintendent before his appointment as assistant manager in 1954.

Mr. Pierce went to U.S.F.&G. as a fire underwriter in the home office in 1932. Appointed a special agent and transferred to Houston in 1946, he became assistant manager there in 1952.

Mr. Tapley joined U.S.F.&G. in the Memphis branch office casualty department in 1949. Subsequently an underwriter and assistant casualty superintendent there, he transferred to Nashville in 1953 as superintendent of casualty. Mr. Reading joined the company as safety representative at Syracuse in 1940. He was transferred to Kansas City in 1942.

MacBean Cites Values and Answers N. J. Fund Critics

Roy H. MacBean of Cranford, state national director of New Jersey Assn. of Insurance Agents, described the values of UJF at the mid-year convention of the Maryland association at Ocean City. A UJF law has just become effective in Maryland.

New Jersey's unsatisfied claim and judgment fund law has been beneficial to all insurance producers, Mr. MacBean declared.

It has given them an excellent opportunity to perform real services to the public. It has increased the percentage of insured vehicles from 60 to 91%. It has given protection to all New Jersey citizens against losses due to hit-run and stolen car accidents and irresponsible uninsured out-of-state motorists. It has lessened the political hue and cry for compulsory. It has done all its required work on an annual budget of $60,000 and with eight employes.

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Mr. MacBean pointed out that his clients who are faced with a motor vehicle accident report form are very glad to have him around to assist them in its completion—and when the agent can also take the initial step for his client by helping him file his "notice of intention to make claim" under UJF, the agent has provided one additional service.

The experience in New Jersey, he indicated, clearly establishes that UJF leads voluntarily to more widespread purchase of auto liability insurance. In New Jersey insured automobile units have increased 50% in only two years and are expected eventually to reach approximately 98% of all registered motor vehicles.

No compulsory auto law yet devised has been able to achieve the protection UJF gives on losses caused by hit and run drivers, operators of stolen vehicles and uninsured, financially irresponsible, non-resident motorists.

The uninsured motorist endorsement available in many states to insured motorists and in New York state to non-motorists gives BI coverage but unfortunately does not cover PDL. There are many more property damage cases, and they cause much annoyance to every agent.

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Mr. MacBean said he did not think Maryland could have avoided compulsory without UJF, and he firmly believes that this will be true over the country. There are still those who decry UJF and call it "just plain snake oil." They have every right to be heard, he said, but the figures they use on New Jersey UJF have been put out in such a manner as to give the wrong impression to the public regarding the results of the law after the completion of its second year of operation last April 1.

He said that one criticism is the "hidden and unconscionable" tax of one-half of 1% imposed on all purchasers of BI and PDL in New Jersey (the Maryland law has the same feature). Yet this amounts to less than 50 cents per policy in New Jersey as compared to the cost of uninsured motorist coverage of $4 to $10. Also, Mr. McBean called attention to the motor vehicle liability security fund laws protecting insured in case of insolvency of an insurer, and similar workmen's compensation funds, paid by a levy on insured.

The New Jersey law's critics have

made much of the fact that only about 4% of all claims made against the fund have been paid, but have said nothing about the 17% of claims disposed of by private settlement without payment from the fund, the 37% ineligible under the law, and the fact that the remaining 42% are recognized and are now reserved at about $3½ million.

One critic warns about the fund "becoming a Frankenstein" and is terribly alarmed about the size of the fund ($5 million) and that it may "eventually devour private enterprise in the insurance business." But, Mr. MacBean points out, the $3½ million in reserves on pending claims brings the fund's loss ratio above 70% and very comparable to many responsible insurance companies. As to the fund "devouring private enterprise," two years after becoming law it has a staff of eight, an annual budget of $60,000 and handled only 4,067 claims last year. New York state got compulsory auto last Feb. 1 and already has had to hire more than 300 additional clerks in one department to check on certificates of insurance. Which state is more in the insurance business, New Jersey or New York? he asked.

As a New Jersey agent Mr. MacBean recommended that Maryland agents publicize their new UJF law among insured and prospective insured and keep a supply of the "notice of intention to make claim" forms in their offices so they can assist their clients. After all, the agent has 90 days after the accident to file notice, which should be ample time to ascertain whether or not the wrongdoer has insurance, etc.

He pointed out that under the reciprocal features of the Maryland and the New Jersey laws Maryland clients will be qualified to claim against the New Jersey fund for accidents occurring in New Jersey after June 1, 1959, and the same will apply in reverse for New Jersey motorists involved in accidents in Maryland.

California Exchange Holds One-Day Seminar

LOS ANGELES—Speakers at a one-day seminar sponsored by Insurance Brokers Exchange of California included: C. A. Victory of the Bank of America, who discussed "Tight Money—Your Client and You;" Gene E. Groff of Bolton & Groff, law firm, who spoke on "Parents' Liability for Torts of Minor Children;" John Butler, Title Insurance & Trust Co., on "Insurance Aspects of Property Transactions as they Primarily Relate to Escrow;" L. B. Fugate, Morse Signal Devices of California, on "Crime and Fire Protection Engineering;" W. K. Lambert of George Fry & Aassociates, who discussed "Your Time and Your Employes' Motion," and Scott Warwick, Scott E. Campbell Co. and Douglas Whitaker of Surety Fire Protection Service, who discussed "Automatic Sprinklers as Related to Fire Insurance."

Wis. Chapter of CPCU Hears Eino N. Krapu

Wisconsin chapter of CPCU heard Eino N. Krapu, vice-president of the Minnesota chapter, discuss "The Problem Risk" at its June meeting.

Hubbard to Speak on Fleet Rating

Casualty Underwriters Club of San Francisco will hear Claude J. Hubbard, National Assn. of Automobile Underwriters, discuss fleet rating changes at the June meeting.

Home Mutual of Appleton, Wis., will sponsor a float in the city's 100th anniversary celebration parade.

New Coal Operators Casualty Organized

A new Coal Operators Casualty, first organized in 1935 and acquired in 1955 by Old Republic Life of Chicago and renamed Old Republic, has been formed in Pennsylvania. W. J. Stiteler Jr., founder and for 20 years president of the original company, is founder and president of the new insurer.

Organized with a capital and surplus of $150,000, the first Coal Operators Casualty company expanded operations into 22 states before being taken over by Old Republic. At that time, capital and surplus was $1.5 million, and assets were more than $8.7 million.

The new company also has a capital and surplus of $150,000. For the present it will write workmen's compensation and public liability only in Pennsylvania. The home office is in Rockwood. Charles T. Easterby & Co. of Philadelphia, has been appointed general agent of the new company in Philadelphia, Bucks, Delaware, Chester and Montgomery counties.

United Pacific Organizes New P. P. Auto Insurer

United Pacific has organized Cascade Ins. Co., a wholly-owned subsidiary, to write private passenger automobile coverages only. The new insurer, which will operate on the American agency system, features a cash plan for a six months' policy, with no direct billing and no continuous policy forms. Initially, Cascade will write business in Washington only, but will eventually expand throughout the Pacific northwest territory.

McKinnon Wins A&S Award at St. Paul Convention

Leonard A. McKinnon, McKinnon & Mooney agency, Flint, Mich., and a past president of the International Assn. of A&H Underwriters, received the Harold R. Gordon 1957 "A&H man of the year" award for outstanding service to the industry. The presentation was made at the banquet which ended the annual convention in St. Paul.

L. A. McKinnon

The presentation, made by Albert H. Wohlers, Youngberg-Carlson, Chicago, chairman of the awards committee, marked the ninth annual award in perpetuating the memory of the late Harold R. Gordon, who was managing director of Health and Accident Underwriters Conference. The Chicago A&H Assn., originator of the award which consists of a gavel and plaque, cooperates with the International association in the presentation.

Mr. McKinnon was the unanimous choice of the 1957 award committee after it considered the nomination ballots sent to members of interested segments of the business, including state commissioners. Committee members with Mr. Wohlers were Irving G. Wessman, Loyalty Group; E. H. O'Connor, Insurance Economics Society; John C. Burridge, THE NATIONAL UNDERWRITER, and Bruce Gifford of the International association.

The committee cited Mr. McKinnon as an insurance agent who is representative of the entire industry as an example of what an "insurance man" should be and do in behalf of his fellow citizens and fellow agents. He has served in Flint as a leader in various welfare and fraternal organizations.

Mr. McKinnon entered insurance in 1924, and in 1929, with his partner, organized a general insurance agency in Flint which is the largest A&S producer representing the company for which it has been general agent since 1932. He has held offices in local and state life associations, and has been president of his local A&H association. He became a member of the International's board in 1950, vice-president in 1953, and president in 1954. After that, he continued to support the association by accepting the presidency of the Disability Insurance Training Council.

Recipients of the award in past years, were E. H. O'Connor, managing director, Insurance Economics Society; V. J. Skutt, president, Mutual Benefit H.&A.; William E. Lebby, Massachusetts Indemnity; the late Burt A. Hedges, Business Men's Assurance; E. H. Mueller, Milwaukee agent; John G. Galloway, Birmingham agent; E. J. Faulkner, president, Woodmen Accident & Life; and James E. Powell, vice-president, Provident L.&A.

Compulsory Auto Leads Agenda of N. C. Mutual Agents Assn. Annual

North Carolina's newly enacted compulsory auto liability insurance law leads the agenda of the annual meeting of North Carolina Assn. of Mutual Insurance Agents being held today through June 22 in Blowing Rock, N. C. President L. M. Buchanan of Greenville is presiding.

The association is making a complete study of the law. Tomorrow morning's session of the meeting will be entirely devoted to compulsory auto.

Among the speakers on the three-day program is Commissioner Gold of the North Carolina insurance department, who will review new bills passed by the legislature.

Other speakers and their topics are: H. S. Baucom, director of safety of North Carolina Industrial Commission, "Industrial Accident Problem;" Prof. David Ivry, University of Connecticut, "Professionalism in Selling Insurance;" and Robert Abernathy, Middle State Teacher's college, Murfreesboro, Tenn., "The 10 Qualifications of My Insurance Agent."

A. Lynn Minzey, vice-president of Auto Owners Ins. Co., Lansing, Mich., will speak on "Competition in Today's Insurance Market," at the close of tomorrow morning's session.

The nominating committee has presented the following slate of officers to be voted upon at the meeting: Joe Norton, Charlotte, president; R. B. Woodson, Raleigh, vice-president, and Frank Baker, Hickory, secretary-treasurer. Nominated for directors are Robert D. Garrison Jr., Durham; John Herndon, High Point, and J. Mat Hiers, Rock Hill, S. C.

Mr. Hiers has been nominated on recommendation of President Buchanan, who told the nominating committee special recognition should be given him in view of his activity on behalf of insurance legislation as chairman of South Carolina legislative group.

Ill. Field Club, Blue Goose Meet

Illinois Fire Underwriters Assn. at its annual meeting last week at Genoa City, Wis., elected Harold R. Cannon, Home, as president to succeed James D. Streich of St. Paul F.&M. James W. Hamilton, Boston, is vice-president, and L. W. Berg Jr., Aetna Casualty, 2nd vice-president. Mrs. Edith M. Riess was reelected secretary-treasurer.

Named to the executive committee were Hugh Allison, Loyalty group; D. E. Arenz, Aetna Fire; George E. Mangan, Pearl, Raymond L. McCreery, Crum & Forster; C. E. G. Miller, Scottish Union; Charles L. Hobbs Jr., U.S.F.&G., and Harold G. Scott, American.

The featured speaker was Dr. Lllewellyn N. Heard of Standard Oil Co., who presented his "Magic Fire" act.

Edward J. Dirksen, executive manager and secretary of Illinois Assn. of Insurance Agents, explained the proposed NAIA advertising program.

The public relations award to the member who contributed the most to forwarding the interest of capital stock companies in Illinois last year was given to Frank L. Macleod of American, the second time he has been so honored.

Illinois Blue Goose, meeting in conjunction with the field club, elected Kent L. Macy, New York Underwriters, as most loyal gander to succeed W. H. Miller of Security of New Haven. The new supervisor is James D. Streich, St. Paul F.&M.; custodian, John J. Rusco, Aetna Fire; guardian, Dale G. Stentz, Western Adjustment; wielder, Nelson Hake, Aetna Fire, and keeper, George Mangan, Pearl. Mr. Miller installed the new officers.

Named delegates to the grand nest at New Orleans in August were W. Hale Baldwin, New York Underwriters, the outgoing keeper, and Mr. Macy.

William L. Collens, former National Fire educational director, has become a partner in Lamotte & Bond local agency of York, Pa.

Texas A&H Men Elect J. V. Borden President

John V. Borden, International Life, Austin, was elected president of Texas A&H Claims & Underwriters Assn. to succeed E. O. Severin, vice-president of Commercial Standard Life, at the annual convention in Houston.

Other new officers are W. P. Hinsch, American Hospital & Life, San Antonio, vice-president and James J. Killmar, Republic National Life, Dallas, secretary-treasurer.

James R. Williams, vice-president of Health Insurance Institute, speaking on public relations and its importance to the average claims man and underwriter, described public relations as being 90% performance and 10% talk. He declared that without performance there is little reason for talk.

Warning that unless companies are vigilant in regard to service, they cease to be competitive and invite other companies to forge ahead, H. Lewis Reitz, executive vice-president of Great Southern Life, urged companies to act as checks against encroachment of forces that would take over the private insurance business.

Other convention speakers were: Newton Gresham, Houston attorney and president of Texas Bar Assn.; Elmer T. Carl, assistant vice-president of Employers Re, and J. Griffin Heard, vice-president and medical director of South Coast Life.

Peace Garden Pond (N. D.) of Blue Goose Names Hegrenes MLG

Peace Garden Pond, N. D., of Blue Goose has elected P. N. Hegrenes, Fire Underwriters Inspection Bureau, MLG; J. B. Sigdestad, Home, supervisor; C. O. Young, Western Adjustment, custodian; R. J. Shamla, America Fore, guardian; Yale Gooden, Hartford Fire, keeper, and Bart Farrell, St. Paul F.&M., wielder. Officers were installed by deputy MLGG R. O. Belford of Minneapolis.

Convention Dates

June 24-26, Insurance Advertising Conference, annual, Spring Lake, N. J.

June 26-29, Federation of Insurance Counsel, annual, Waldorf Astoria hotel, New York City.

June 27-28, Loss Executives Assn., annual, Shawnee Inn, Shawnee on Delaware, Pa.

July 4-6, International Assn. of Insurance Counsel, annual, Chalfonte-Haddon Hall, Atlantic City.

Aug. 12-14, International Federation of Commercial Travelers, annual, Empress hotel, Victoria, B.C.

Aug. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

Aug. 22-24, Texas Assn. of Mutual Insurance Agents, annual, Shamrock-Hilton hotel, Houston.

Aug. 26-27, South Dakota Assn. of Insurance Agents, annual, Marvin Hughitt hotel, Huron.

Aug. 26-29, Hon. Order of the Blue Goose, International, annual, Roosevelt hotel, New Orleans.

Aug. 29-30, Minnesota Assn. of Insurance Agents, annual, Breezy Point lodge, Brainerd, Minn.

Sept. 5-6. New Jersey Assn. of Insurance Agents. annual, Traymore hotel, Atlantic City.

Sept. 8-11, International Claim Assn., annual, Chalfonte-Haddon hall, Atlantic City.

Sept. 9-12, National Assn. of Insurance Agents, annual, Chicago.

Sept. 12-13, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.

Sept. 15-18, Idaho Assn. of Insurance Agents, annual, Sun Valley.

Sept. 15-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 15-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 16, Vermont Assn. of Insurance Agents, annual, Lake Morey inn, Fairlee.

Sept. 16-17, Minnesota Assn. of Mutual Insurance Agents, annual, St. Paul hotel, St. Paul.

Sept. 16-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 17-20, Mutual Loss Research Bureau, annual, Edgewater Beach hotel, Chicago.

Sept. 18-19, New Hampshire Assn. of Insurance, annual, Wentworth-by-the-Sea hotel, New Castle.

Sept. 18-20, Washington Assn. of Insurance Agents, annual, Olympic hotel, Seattle.

Sept. 19-20, Nebraska Assn. of Insurance Agents, annual, Sheraton-Fontenelle hotel, Omaha.

Sept. 20, Delaware Assn. of Insurance Agents, annual, Rehoboth Country club, Rehoboth

Sept. 22-24, Oregon Assn. of Insurance Agents, annual, Eugene hotel, Eugene.

Sept. 23-24, South Dakota Assn. of Mutual Insurance Agents, annual, Sioux Falls.

Sept. 24-25, South Carolina Assn. of Insurance Agents, annual, Bon Air hotel, Augusta, Ga.

Sept. 26-27, Oklahoma Assn. of Mutual Insurance Agents, annual, Skirvin hotel, Oklahoma City.

Sept. 29-Oct. 1, Pennsylvania Assn. of Insurance Agents, annual, Pocono Manor inn, Mount Pocono.

Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City.

Oct. 3-4, Mountin States Assn. of Mutual Insurance Agents, annual, Denver.

Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 6-9, National Assn. of Casualty & Surety Executives, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago.

Oct. 14, Society of Acturies, annual, Commodore hotel, New York City.

Oct. 14-15, Arizona Assn. of Insurance Agents, annual, Westward hotel, Phoenix.

Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago.

Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.

Oct. 17-18, Pacific Fire Rating Bureau, annual, Camelback inn, Phoenix.

Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-22, Kansas Assn. of Insurance Agents, annual, Baker hotel, Hutchinson.

Oct. 20-22, Maryland Assn. of Insurance Agents, annual, Lord Baltimore hotel, Baltimore.

Oct. 20-23, National Assn. of Mutual Insurance Companies, annual, Jung hotel, New Orleans.

Oct. 21-23, California Assn. of Insurance Agents, annual, Hotel del Coronado, San Diego.

Oct. 22, Conference of Mutual Casualaty Companies, Jung hotel, New Orleans.

Oct. 22-23, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.

COMMENTS TRENDS OBSERVATIONS

Insured, Insurer Must Rely on Agent to Effect—or Try—Adequate Insurance

Any day, in any part of the country, insured is learning the painful fact that he didn't have enough insurance to cover his loss. Nothing could demonstrate more convincingly that he needs the advice and counsel of an agent. If the agent has presented to him the need and wisdom of carrying enough insurance, if the agent has quoted him the amount he should have, and insured has turned him down, insured runs the risk with his eyes open and the agent can go to sleep easily at night. If the agent does not have this clear understanding with every insured whose money he takes, he is not delivering the basic service on which the entire success of the insurance transaction rests.

In the free economy of the independent agency system, the agent owes every insured the minimum of this service. If he does not provide it, the system under which he lives and which he supports cannot get it done. If he does not deliver this much, he had better put a red sticker on every policy he mails out, to warn his clients that "No one knows if this will cover your loss." Maybe he ought to use a red sticker anyway—with the message in prominent type "Is this enough?" Here are additional underinsured losses.

Fire. (Tennessee) A frame coal tipple building was insured for $20,000. It was an almost total loss and the proof showed value of $45,000, with loss of $39,700 and an insurance claim of $20,000. Underinsurance left insured with a deficit of $19,700.—Springfield F.&M.

Fire. (Indiana) Dwelling. Value $3,750. Insurance $2,000. Loss $3,750. Loss to insured $1,750.

Exposure fire. (Missouri) Contents of a clothing store was damaged by smoke and water. The sound value was agreed to be $12,063 and the loss $4,270. Insured was penalized $1,320 by application of the 90% coinsurance clause.

Fire. (Virginia) Building. Value $142,322. Insurance $125,000. Loss $142,322. Loss to insured $17,322. Stock. Value $145,335. Insurance $80,000. Loss $145,335. Loss to insured $65,335. Total loss to insured $82,657.

Business Interruption. (New York) Fire damaged the second floor of the building occupied by insured as a men's clothing store. The business was forced to close for 3½ days, which resulted in an earnings loss of $1,215. Operation of the 80% coinsurance clause reduced insured's collection to $752.

Fire (Upstate New York) Building. Value $12,000; insurance $5,000; loss $12,000; loss to insured $7,000.

Fire. (Georgia) Barn. Value $10,000. Insurance $6,000. Loss $10,000. Loss to insured $4,000. Machinery. Value $6,433. Insurance $2,000. Loss $6,433. Loss to insured $4,433. Total loss to insured $8,433.

Fire. (Ohio) Brick and cement block building, 3½ stories, occupied as a lodge. This fire apparently originated from the ignition of gasoline fumes and resulted in a loss of $11,922. Insured carried only $21,000 of the required $26,000 and collected $9,629.

Fire. (Mississippi) Building. Value $127,398. Insurance $46,000. Loss $127,398. Loss to insured $81,398. Contents. Value $24,671. Insurance $5,000. Loss $24,671. Loss to insured $19,671. Total loss to insured $101,069.

Fire (New Jersey) Building. $7,435; insurance $5,000; loss $7,435; loss to insured $2,435.

Fire (Upstate New York) Building. Value $35,300; insurance $18,000; loss $17,958; recoverable loss due to coinsurance $11,446; loss to insured $6,511.

Fire. (Ohio) Contents. Value $56,470; insurance $40,000; loss $56,120; loss to insured $16,120.

Fire. (Wisconsin) Building. Value $10,103; insurance $6,000; loss $10,103; loss to insured $4,103. Contents. $10,245; insurance $2,000; loss $10,245; loss to insured $8,245. Total loss to insured is $12,348.

Fire. (Arkansas) Building. Value $82,380; insurance $37,000; loss $82,380; loss to insured $45,380.

Fire. (North Carolina) Building. Value $16,891; insurance $6,000; loss $16,891; loss to insured $10,891.

Fire. (Texas) Contents. Value $574,378; insurance $425,000; loss $558,902; loss to insured, with coinsurance clause, $145,354.

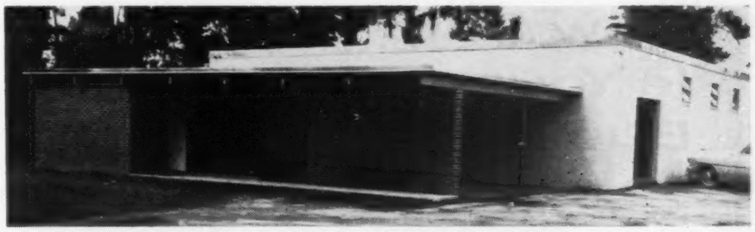
Additions to English Storekeepers Policy Show U. S. Has Far to Go

Of interest to agents and underwriters in the United States who have lamented the broadening of coverages should be the report in the *Review* of London of extension of the scope of Eagle Star's shopkeepers' "all-in" policy, which the newspaper says has been entirely rewritten.

"Of first importance to many shopkeepers," the *Review* points out, "will be the inclusion of buildings of salesshop premises in the 'all-in' scheme. Among the risks insured by the building section of the policy are storm, tempest and the bursting and overflowing of water pipes and water apparatus, glass breakage, damage to underground pipes, loss of rent, architect's, surveyor's and legal fees and full property owners' liability.

"Considerable additions have been made, without increase of premium, to the range of risks applicable to trade contents. Full explosion coverage is now given instead of explosion cover on standard fire policy lines, the scope of the tenants' liability, public liability and cash in transit sections has been enlarged. Optional supplementary insurances can be added in respect of special glass, liabilities for employes working away from the shop and products liability. The shopkeeper's household contents can be covered in the same policy.

"The entire policy, including the supplementary coverage, is eligible for the no-claim bonus of a free renewal every sixth year."



Underwriters Salvage Co. of New York has opened its newest office and warehouse at 4545 St. Augustine road, Jacksonville, Fla. The opening ceremonies were held in conjunction with the first sales of salvage stocks from this location.

The company had to overcome considerable opposition from neighboring property owners before getting an okay to go ahead with the building. The word "salvage" gave the residents the idea it would be a junk yard. This resistance was overcome through personal contact, by explanation of the company's operations and pictures of other installations.

William O. Cooper, state agent of the company in Florida and south Georgia, who has been with the organization 31 years, handled the planning, land acquisition, etc., and is in charge of the operation.

John G. McClure Jr., vice-president and general manager of the salvage company, inspected and approved plans and construction, and Lloyd F. Harjes, secretary-treasurer, went to Jacksonville for the final inspection. Both officials were so pleased with the appearance and utility of the building that similar plans will be used for construction of other plants as needed.

The landscaped plot is 135 by 600 feet, and the building is about 50 feet back from the road. It is of brick and cement block construction. The office is of modern design and air-conditioned. There is also a conference room for visiting adjusters to discuss setlements with clients, or go over stock in the warehouse.

The warehouse has 3,000 square feet of usable floor area.

The formal opening brought out city and county leaders, adjusters and insurance company officials. Salvage buyers from southeastern states attended and the luncheon was attended by more than 100. Host was Minor S. Franks, general agent of the southeastern department of Underwriters Salvage, Atlanta.

Says 'Accommodation Business' Throws Doubt on Rate Making

Rieves S. Hodnett, president of Burch, Hodges, Stone Inc. of Martinsville, Va., writes:

An editorial that appeared in your publication sometime ago suggested that, on account of the adverse experience during the recent past, insurance companies would be less willing to accept "accommodation lines."

Your editorial clearly illustrates the degree to which the insurance business is willing to accept certain characteristics of the business as problems which cannot be solved. It seems to be a well-accepted principle that, in all lines of insurance, there is business that does not measure up, and therefore produces a higher loss ratio than is usual to the class.

When we talk of "accommodation business," we generally are well aware and recognize the deficiencies that make the business undesirable.

A great deal is often said about certain companies writing only the "cream" business, and we wonder if all of these references to the quality of business do not constitute an admission that the rating schedules are not realistic, or else are not being properly applied.

From a purely scientific standpoint, there is no reason why there should be a difference in the desirability of business, assuming of course, that the moral hazard is not present. Through the rating mechanism, the unattractive risks can be made to pay their way, and until this situation is corrected or improved, the standard price companies will continue to suffer the disastrous consequences of this vicious circle.

Surely the time is here when rating authorities would give serious consideration to corrective measures.

Estimate $320,500 Loss in Colo. Rain, Hailstorm

A combined rain and hailstorm which battered La Junta, Colo., last week will result in a total insured loss of $320,500, according to General Adjustment Bureau estimates. In the storm, hailstones the size of walnuts fell, causing extensive damage to dwelling and mercantile roofs, neon signs, residence and mercantile glass and to automobiles.

Income Indemnity of Rockford, Ill., reelected all officers and board members at the annual meeting.

Definition of Non-can A&S Is Debated at Length Before NAIC

The item on which the most time and attention was spent at the annual meeting of the National Assn. of Insurance Commissioners last week at Atlantic City was whether a definition should be adopted for non-cancellable A&S insurance. After the subcommittee looking into this matter brought forth a report favoring the view of the traditional companies in this field, protests were raised in the full A&H committee meeting by a battery of association and company men, and the final decision was to table the whole matter and put the subcommittee back to work to produce a new report in December.

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More than just a question of whose policy shall be called non-can and whose not is involved in the definition question. There are problems of presenting guaranteed renewable but adjustable premium coverages in the annual statement and setting up reserves on them, and more significant, the issue of federal taxes. The most recent action on the tax side occurred while the NAIC was in session, this being a ruling of the Internal Revenue Service denying the life insurance type of income tax treatment on non-can A&S reserves unless there is a specified guaranteed rate up to age 60 or later. Bruce Shepherd of Life Insurance Assn. indicated this was a key point so far as those who do not want a strict definition are concerned. He said action by NAIC in adopting a strict definition would have an adverse effect on the companies in dealing with IRS. He was in favor of a deferment of the matter.

The traditional non-can writers such as Massachusetts Protective, Massachusetts Indemnity, Monarch Life, etc., were the ones holding out for the so-called strict definition. Their arguments prevailed on the subcommittee studying this matter, and a report was made favoring a definition which holds a non-can and guaranteed renewable policy to be one in which "the insured currently has the right to continue in force by the timely payment of specified premiums (1) until at least age 60, or (2) in the case of a policy issued after age 54, for at least five years from its date of issue, during which period the insurer has no right to initiate any change by a decision made subsequent to the issuance of the policy."

When this definition was presented at the meeting of the A&H committee, not unduly brief arguments against it were made by five industry representatives, and they were seconded by 10 more.

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Robert R. Neal, general manager of Health Insurance Assn., explained that the majority sentiment of HIA is in favor of a broader definition. A special subcommittee of HIA was set up to cope with the problem and it offered a majority and minority report to its legislative committee, and the majority report was then adopted and represents the HIA position.

A. C. Steere, 2nd vice-president and general counsel of Lincoln National Life, who was chairman of the HIA sub committee, related in fireside fashion the struggle of the subcommittee to arrive at an agreed solution. Mr. Steere said he was the one member of the five-man sub committee who held no opinion on the definition when the conferences started, and he explained how he wound up voting for a liberal definition. He said the problem is more of annual statements and reserves than nomenclature.

Donald MacNaughton of Prudential said his company has only three classes under its guaranteed renewable adjustable premium policies, and these are age, sex and weight. The company cannot change the classes throughout the life of the policy nor can it raise the premium on account of impairment

of insured or multiplicity of claims. Restrictive riders cannot be added. If rates are changed by classes, they would be changed on a basis of the original insuring age, he said.

He pointed out that it is possible for the premiums to be reduced as well as increased under this plan.

Non-can insurance has changed in many respects over the years, Mr. MacNaughton pointed out, but despite numerous modifications of the policy, it is still called non-can. The adjustable premium idea is simply one more modification, he declared, adding there is nothing in the business which has held that non-can must have a guaranteed premium.

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Seconding these arguments were Daniel Lyons of Guardian Life, A. G. Straub of New York Life, John Henry of Continental Casualty, J. G. Kelly of Mutual Life of New York, Robert Rydman of North American Life & Casualty, Claude Gillespie of Occidental Life, James Hallet of Travelers, W. R. Shands of Life of Virginia, Milton Ellis of Metropolitan, Robert Shay of John Hancock, and H. G. Rose of the Oklahoma department.

A. J. Bohlinger, New York attorney and former superintendent, presented, as he had before the subcommittee, the main arguments of the traditional companies. The most important aspect of the problem, he said, concerns the public interest. He reiterated briefly the arguments he had made to convince the subcommittee of the advisability of adopting a strict definition. C. F. J. Harrington, executive vice-president of the National Assn. of Casualty & Surety Agents, said he hoped the commissioners would not be swayed by tax questions and internal problems of insurers, but stick to the issue of advertising and representation.

Commissioner Miller of West Virginia asked Mr. Bohlinger how he was able to tell in what way the public thinks of non-can, and Mr. Bohlinger said the information comes from the agency forces who are in constant touch with the matter.

Would it help to take a survey and determine what the public understands non-can to mean? Mr. Miller asked. Mr. Bohlinger said that it might help clarify the situation but it is not necessary. Mr. MacNaughton said that Prudential did a sort of a survey on this question and found that more than 50% of those interviewed had some understanding of guaranteed renewable but far less than 50% understood non-can.

John Miller of Monarch Life said any such survey should contain control items and in addition to guaranteed renewable and non-can, the people interviewed should be asked to give their definitions of non-participating, variable annuities, non-assessable, etc., so that the great extent of public confusion over insurance terms would be put in perspective.

Dallas Agency Gets Cover for Toll Road Operations

Coverage for the Dallas-Fort Worth toll road, scheduled to be in operation by August, has been placed with Felix Harris & Co. agency of Dallas, at a total premium of $35,482. The insurance includes all risk cover on the bridge over Trinity river in Dallas for $3 million; business interruption for roadway and bridge up to a $4 million limit; workmen's compensation for permanent employes; and public liability, fidelity, robbery, and automobile coverages.

How Maryland UJF Differs From N. J. Model

Maryland's new unsatisfied claim and judgment fund law, while based on the New Jersey UJF, contains six differences of substance from its model.

The Maryland fund will be built up from three sources: An initial assessment of $8 on uninsured motorists, $1 on insured motorists, and a one-half of 1% assessment on gross auto liability premiums written in the state. There will be no subsequent assessment on insured motorists. In subsequent periods insurers will pay 10% of the estimated deficiency or one-half of 1% of the premiums, whichever is less, and the remaining deficiency is to be assessed against uninsured motorists.

Persons covered by workmen's compensation are not excluded, and recovery from the fund is not deductible from benefits, nor are WC benefits deductible from the amount payable out of the fund.

The maximum limits payable out of the fund are 10/20/5, with $100 deductible.

Relatives other than the husband or wife of a judgment debtor are not excluded, nor are occupants of an uninsured car other than the owner-driver.

The law treats as uninsured a person carrying less than 10/20/5 limits. Recovery of excess is permissible.

Also, under the law, benefits recovered from other sources are not deductible.

The new law became effective June 1, but does not apply to accidents occurring prior to June 1, 1959. To build up the fund, uninsured and insured motorists in Maryland will be obligated to pay their respective assessments beginning April 1, 1958. Insurers to whom the law applies are required to pay assessments on 1958 business by March 31, 1959.

Hartford A.&I. Wins Suit by Georgia Agency

Hartford Accident, sued for $51,000 damages by the Solomon-Truesdel agency of Macon, Ga., won its case in U. S. district court when the jury returned a verdict denying the agency's claim.

The agency sued for $1,000 actual and $50,000 punitive damages in Bibb superior court April 6, 1956. Subsequently the action was transferred to the federal court.

The agency alleged it suffered losses and injury to its business as the result of "interference" by Hartford Accident with the agency's relations with one insured. This was Robins air force base non-commissioned officers' mess on which the agency had placed burglary coverage in Hartford Accident. The agency also handled other policies for the service facility.

Following cancellation of the agency's agreement with the insurer, the agency charged in its suit, the company suggested changes in the policy on the mess, which, according to the agency, made it necessary for it to go to considerable expense to keep this insured's business on the agency's books.

Chairmen of N. Y. State Assn. Committees Named

Craig Thorn Jr. of Hudson, president of New York State Assn. of Insurance Agents, has appointed the following committee chairmen: Richmond E. Thompson, Valley Stream, casualty; Lloyd Boice, Germantown, fire; Glenn Giltz, Ausable Forks, finance; Robert C. Stevens, Niagara Falls, accident prevention; and Sidney Mang, Sidney, fire safety.

Also, David W. Reilly, Utica, education and agency management; Robert B. Douglass, Potsdam, legislative; Joseph A. Neumann, Jamaica, association study; Herbert Brewer, Lockport, liaison; George A. Kramer, Williston Park, automobile dealer competition; and Albert E. Mezey, New York, savings banks and savings and loan association liaison.

Travelers to Build New Office Unit in Boston

Travelers plans to erect an office building on the Pearl street property formerly owned by the Boston *Post* in that city. The property comprises about 50,000 square feet and presently is used as a parking lot. The property of the defunct newspaper recently was sold at auction for $475,000. It is bounded by Purchase, Pearl, High and Hartford streets.

Travelers presently occupies a 10-story building at 147 Milk street.

Churchill Joins Chicago GA

Richard O. Churchill has joined Newhouse & Hawley Inc., Chicago general agency, as an underwriter in the property insurance department. He has been head underwriter for inland marine and burglary at Glens Falls in Chicago.

General Adjustment Bureau has appointed Richard H. Armstrong manager of the Nashville branch succeeding W. H. Thompson, who has been appointed general adjuster in Georgia. Mr. Armstrong formerly was manager in St. Petersburg, Fla.

Suggests How to Develop Use of World Wide Capacity, Which Is Adequate but, for Several Reasons, Is not Being Used

Real capacity problems exist in the property and casualty insurance market today, but they are largely man made, Arne Fougner, president of Christiania General, said in his talk at the University of Pennsylvania's first International Insurance Conference. Among these problems he listed inadequate rates, taxes, failure of insurance to keep up with prices, deposit and reserve requirements, lack of communication between world insurance markets, dumping of poor risks abroad, and, beyond that, woeful failure of U. S. underwriters to commit their capacity to nuclear and other giant risks.

In insurance and reinsurance there has been seen and heard a great deal in the postwar era about the widespread and serious capacity problem reflecting the difficulty or the inability of coverages to find ready markets, he stated. In the U. S., for instance, this was particularly acute and even painful in the late 1940s. Then the hurricanes in the east produced shrinking markets and increased rates at the very time many primary insurers because of the effect of the storms came into the market for increased protection. Ever since, both primary insurers and professional reinsurers have had their difficulties getting adequate protection through catastrophe covers and retrocessions to protect and distribute their congested liabilities. However, the needed capacity ultimately was found, largely through the use of "bread and butter" business offered as collateral inducement.

Still more recently individual risks involving values of unprecedented size and novel unknown hazards involving potential astronomical values have presented the world's insurance business with tremendous problems in finding adequate coverage. These include new industrial plants of giant size, super-liners and super-tankers, jet transports of tremendous speed and capacity criss-crossing the crowded air lanes of the world, and above all atomic energy installations for industrial, public utility and research purposes.

In approaching the problem of placing related coverages for such risks, Mr. Fougner said, it is not correct or appropriate to talk about capacity as if actual financial capacity were limited. He believes the capacity is there but remains to be tapped. The limiting factors are not to be found in the lack of financial strength but are largely man made.

First, insurance rates are inadequate. Anyone charged with placing a catastrophe cover will probably find that at a certain rate he can complete his covers up to 50%, or perhaps even to 75%. From there on the going may become tough and the task appear impossible. There is little doubt, however, that in nine of 10 cases, he will find additional markets and complete the cover if he offers even a moderate increase in rate.

Lack of capacity, therefore, is only relative and is more a symptom than a cause, he said. The cause principally is a rate structure which by tradition is thin and by force of habit and pressure is slow to adjust to new conditions as they are being recognized.

Here again the problem does not center around or originate in the field of catastrophe covers. Such rates, in turn, depend upon and are influenced by the conditions governing rates of primary insurance. In most well developed countries rates are based upon a vast spread and a fine and thorough distribution creating a balance which works almost to perfection. The bulk of the business is written at rates with only minute allowance for catastrophe hazards and shock losses.

Extended coverage, when introduced as a mass product, was looked upon as a minor, convenient and "innocent" adjunct to the standard fire policy, he observed. In many areas it was sold at a nominal rate. It did not appear to be loaded with dynamite. In only a

(CONTINUED ON PAGE 26)

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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EDITORIAL COMMENT

Welcome News from Detroit

The insurance industry, in all its branches, has special reason to be gratified at the decision of the Automobile Manufacturers Assn. to stop bragging up the speed and acceleration of their cars and to withdraw from all forms of racing activity. For more than the general public, the insurance business has close familiarity, often at first hand, with the frightful toll in snuffed-out lives and agonizing injuries, not to mention the relatively secondary but financially tremendous property damage costs due to horsepower-happy drivers.

While we are pleased at this official switch in position, we doubt that the leopard has really changed his spots. We think he just got the living daylights scared out of him by such developments as the congressional investigation into highway safety and the demands that something be done about curbing the fantastic horsepowers of today's automobiles. These potent engines of destruction, plus the speed-and-power consciousness generated by all the advertising and propaganda about acceleration and top speeds, have invited legislative crackdowns, including the thing that the manufacturers dread most of all—compulsory installation of speed governors.

It remains to be seen how scrupulous the manufacturers will be in carrying out the recommendations of their association. Dealers and their salesmen can still give the prospects the speed and power pitch even though the manufacturers officially have no part in such nefarious goings-on.

There is good reason to believe that the automobile makers had probably run the power and speed sales appeal into the ground, entirely aside from possible trouble with public opinion, Congress and the state legislatures. Almost any current model can lay down a track of rubber as it spurts away from a traffic light if the driver tromps hard enough on the accelerator. What more could another 100 horpsepower do?

With so much power and the improved automatic drives, the driver doesn't even have to know how to manage a clutch. All he has to have is enough intelligence to know which way you move the gas pedal. The power race has about got to the point where superiority is measured by how much rubber your car will lay down on the payment as you leave the starting mark. Many drivers are complaining of poor tire mileage that is due to nothing more than their jack-rabbit starts.

Perhaps part of the reason for the manufacturers' switch is the surprising jump in the popularity of the small foreign cars that are decidely modest in horsepower but are, in the oft-quoted phrase, fun to drive. They won't mash you against the back of the seat as you start off, and the steering is so light that a power assist would be ridiculous, the clutch is so easy to work that you don't need an automatic gearshift, and the brakes need no booster. The rising popularity of these cars indicates that if you give the people a chance to learn that gas-hungry monsters are not the only vehicles available, a good many drivers will find that power and hugeness aren't all there is to pleasurable motoring.

Perhaps we can even hope for the day when the tire-squealing oaf, who believes that his 300-plus horsepower will get him out of any jam his zany driving can get him into will discover that other motorists are not admiring his car's power but are merely scornful of his childish antics.—Robert B. Mitchell, executive editor, Life Insurance Edition.

PERSONALS

Harold E. Neely, who on July 1 will succeed Louie Miller as West Virginia insurance commissioner, is a newcomer to the business. He has been with the department since April 1 training for his new position. Mr. Miller made it known some time ago that he intended to resign to resume the private practice of law, but he was prevailed upon to stay until the new West Virginia insurance code was adopted. Mr. Neely attended Northwestern university and graduated from the University of West Virginia and Harvard law school. He was with the war crimes commission, and since about 1947 has been in business with his father, a merchant at Hinton, W. Va. He has been active in Republican politics. The change in commissioners in West Virginia is considered to be a friendly one, and all personnel in the department will be retained.

Miles Jacobs of Washington Surveying & Rating Bureau and **W. F. McGaffey** of Fred S. James & Co., Seattle, are recuperating at Doctors Hospital there from serious injuries suffered in an automobile accident June 2 when they were returning from a fishing trip.

Wayne Van Orman, insurance attorney of New York City, is flying to London July 1 for a three week visit in England. Mrs. Van Orman and their daughter, Jean, are spending the entire summer in England.

Emil H. Nelson, local agent at St. Paul, is a nominee for second vice-president of Toastmasters International.

W. Frank Gardner, general manager of Prudential of England, is visiting his company's affiliate, Prudential of Great Britain in New York, while on a round-the-world business trip. He will be a guest at luncheons with **Frederick H. Ecker,** honorary chairman of Metropolitan Life, **Carrol M. Shanks,** president of Prudential, their senior executives and the New York board of Prudential of Great Britain.

John H. Ledbetter, newly elected president of Southeastern Underwriters Assn., has been in the business since 1912. He is southern department manager of Hartford Fire group, which he joined in 1915. A member of the Louisiana, Mississippi and Texas insurance advisory associations, he is a director of Trust Company of Georgia. **Walter J. Christensen,** vice-president of SEUA, is executive vice-president of Loyalty group, and has been in the business since 1920, when he joined Firemen's of Newark. Elected to his present position in 1956, he is also a director of Firemen's.

Walter J. Christensen

John H. Ledbetter

In a personal news item in the June 6 issue, it was erroneously reported that **W. R. McCord,** who recently underwent spinal surgery, is secretary of Kentucky Assn. of Insurance Agents and Louisville Board, and that **Mrs. Thomas Goode,** administrative assistant, would handle affairs of both organizations until Mr. McCord's return. Mr. McCord and Mrs. Goode are secretary and administrative assistant, respectively, of the Kentucky association only; **R. W. Barnes Jr.** is executive secretary and **Miss Bertha VanOverbeke** office secretary of Louisville Board.

Kenneth H. Manvell of Harvey, Trinder & Van Ommeren Ltd., underwriters at Lloyds, London, who arrived in the United States May 5 to visit with Lloyds correspondents here, will return to London June 29.

DEATHS

THOMAS O'BERRY, 72, founder of the Goldsboro, N. C., agency of O'Berry & Lewis, died in the hospital there after an extended illness. He was a former state legislator and a member of the State Hospitals Board of Control. His father, the late Nathan O'Berry, was state treasurer for many years.

JOHN PIRKL, founder and president of Triboro agency of New York, died at his home in Ridgewood, N. J. Mr. Pirkl entered insurance with Ocean Accident in 1911. He founded the Triboro agency in 1933.

S. G. GABEL, 79, chairman of the Hagedorn & Co. brokerage firm of New York, and formerly a director of London & Lancashire Indemnity, died at his home in White Plains, N.Y. He had been active in insurance 55 years.

C. RALPH KERNS, former state agent in the Pacific northwest for Scottish Union, died in Seattle. He was a member of Fire Underwriters Assn. of the Pacific and a Blue Goose.

ARTHUR P. PRESTON, 67, secretary of Wallace Reid & Co., of New York, associated with the firm for 50 years, died after a long illness.

HUBERT L. BALDWIN, 70, local agent of Watertown, N.Y. died there.

EDWARD C. FERGUSON, 74, retired vice-president and director of Illinois Mutual Casualty of Peoria, died at East St. Louis. He was in the insurance business for 50 years, always at East St. Louis. He was a vice-president of Illinois Mutual Casualty for 30 years after having been an agent and then field supervisor.

NAIC Annual Is Strictly Routine Affair

(CONTINUED FROM PAGE 2)

Colorado succeeding Taft of Wyoming; VI, Sullivan of Washington (reelected).

Zone representatives elected to the federal liaison committee are Howell, I; Parker of Virginia, II; Leggett of Missouri, III; Gerber of Illinois, IV; Apodaca of New Mexico, V., and there was no election from zone VI.

One other item of business which attracted some interest was the decision of the executive committee to adopt the motion proposed by Taylor of Oregon to charge $5 per male registrant at future NAIC meetings "as a partial reimbursement of expenses of the NAIC incurred before and after meetings for the benefit of the insurance industry." The idea behind this is to make the meetings more self-supporting. The assistant secretary's office, since it was established, has refined the procedures at the meetings and the expense of making these improvements will now be met, it is hoped, to a large extent from the additional registration fee.

These decisions and reports constituted the highlights of the meeting for the fire and casualty industry. There was a lot of discussion in the A&S and life fields, a good deal of it on matters of importance. Some of the committee reports in the fire and casualty field, however, were only three sentences long and even then were verbose as descriptions of what transpired.

One indication that the fire companies are suffering with inflation was the comment by John R. Barry of Corroon & Reynolds at the meeting of the subcommittee on compensation and per diem expenses of examiners. A proposal was made to increase compensation for senior examiners to $200 and for junior examiners to $175, while raising per diem expenses from $12 to $15. Mr. Barry called attention to the fact that this would increase the costs to the companies and that consideration should be taken of this when the companies ask for more rate. This first attempt of Mr. Barry's to throw light on the unfortunate underwriting situation was not so successful as his later appearance before the fire and marine committee. He was jumped on at the subcommittee meeting on examiners' income and some comments were made about insurance company executives' salaries and expenses.

Reported elsewhere in this issue are the developments on the definition of non-cancellable A&S insurance, the report on auto PHD misclassification and the industry comments on the need for term rule changes. The subcommittee reports to the A&H committee, as described last week, were adopted with the exception of that on non-can.

Three new items were added to the agenda of the rates and rating organizations committee on the recommendation of the Michigan department. These are that subcommittees be set up to study: Term rules and installment payment plans; form and rate filing procedures, and rates and formulas in package coverages.

McConnell of California, reporting as chairman of the preservation of state regulation committee and the federal liaison committee, brought up to date the developments in relations with the FTC and other government agencies which have been causing static in state communications. Mr. McConnell's report was the only one to draw any applause and that developed from an aside when he said forcefully that when the government goes into business on a subsidy basis and uses the word insurance to describe it, it is a misnomer and is deceiving. To call a subsidized operation insurance is to cast aspersions on the reputation and integrity of the business, he declared.

The **Hockema agency** of Lafayette, Ind., is now in its new offices at 14th and Union streets

Insurers Must Decide Now Whether to Enter Multiple Line: Lawton

In view of the growing trend toward multiple line companies, life and casualty insurers must decide whether they will continue with their single lines or move into all types of coverage. There is no middle road because once a company decides to write one additional line there will be a demand for more.

That was the opinion of G. Albert Lawton, president of Security-Connecticut group, in a talk to Southeastern Actuaries Club in Nashville.

A casualty company with a life affiliate will gain some tax advantages, provide broader service to local agents and, if its life insurer employs fulltime men, operate more uniformly in times of financial stress. It will obtain lower costs in developing agencies and bring more men into the business on a self-sustaining basis, Mr. Lawton said.

Special problems facing a casualty and life company include division of effort in developing programs for both lines, difficulty in determining costs attributable to each operation, need for local agents able to serve wider fields, possibility that a financing program for life might end up financing a fire and casualty program, and resistance from some agents who do not like the program due to a loss of independence in brokering their business.

Mr. Lawton said the life company in his 3-company operation would engage a limited number of fulltime men in order to build a more evenly producing agency force. Although the local agent is an important man in the community, he does not produce a substantial volume of life business in times when selling becomes difficult. In difficult times, fulltime life agents work doubly hard to keep up their production and standard of living.

Hartford A.&I. Elects Two in Home Office

Henry K. Haag has been elected a secretary and George C. Munterich an assistant secretary of Hartford Accident.

Mr. Haag, also a secretary of Hartford Fire, has been with the Hartford group since 1943. He entered the business as a statistician in the insurance department of Home Owners Loan Corp. His association with Hartford Fire began at southern department headquarters in Atlanta. He became office manager and chief accountant there in 1948. Transferred to the home office as staff assistant in 1952, he was elected assistant secretary of Hartford Fire in 1953 and advanced to secretary the following year.

Mr. Munterich began his insurance career in New York as an actuarial clerk with National Council on Compensation Insurance. He has been a statistician with Hartford Accident since 1953 and will continue to have supervisory responsibilities in the home office statistical department.

Nead Manager of Home Ind. Metropolitan Unit

H. Norman Nead, who has been with Home since 1929, starting in the automobile department, has been appointed manager of Home Indemnity's metropolitan department. He has been assistant manager.

After a period with the company's midtown office in New York in 1948, in 1949 he returned to the automobile department at the head office as underwriting supervisor and in 1952 transferred to the metropolitan department as assistant agency manager of the automobile division. He became assistant manager of the metropolitan department in 1953.

Former Students Fete Blanchard on Retirement

Ralph H. Blanchard, professor emeritus of insurance of Columbia university was honored at a luncheon on occasion of his retirement from active duty at the university by eight former students now holding positions with insurers with headquarters in New York. They are: Walter E. Beeson, Great American; Everett J. Brill and Joseph G. Romans, Royal-Globe; James L. Dorris, Hanover Fire; William Mulder, Consolidated Mutual; Jerome P. Mulvehill, Home; Leslie D. Ulrich, New York Underwriters, and Frank Gordon of Reporting Form Service Organization.

Fire Association Names Cummings in S. Cal.

Fire Association has appointed Philip E. Cummings casualty superintendent for southern California at Los Angeles, to succeed Roy Skrifvars, who has resigned.

$10 NAIA Ad Plan Ante Asked

District of Columbia, Northern Virginia, and Prince Georges-Montgomery County agents associations report that each active member will be asked to contribute $10 to National Assn. of Insurance Agents "tie-in" advertising campaign in their area.

Insurance Women of Kenosha, (Wis.) have elected Mrs. William Villnow president; June Davis vice-president; Betty Jorgensen treasurer, and Mrs. William Trafford secretary.

Insurance Women Elect Mrs. Runk at Annual Parley

Mrs. Frances Runk of Loyalty group, Houston, was elected president of the National Assn. of Insurance Women at the annual convention in Philadelphia. Women's Insurance Society of Philadelphia was host to the national group.

Mrs. Runk succeeds Mrs. Betty Hirst of Seibels, Bruce & Co., Columbia, S. C. Other officers are: Miss Alice L. Anderson of Thomas McGee & Sons agency, Kansas City, and Mrs. Marion H. Walker of Great American group, San Francisco, vice-presidents; Mrs. Lola M. Brooks of the Lindsey agency, Houston, secretary, Miss Lillian F. Lane of Grubers agency, Columbus, O., treasurer.

Elected regional directors were: Miss Mildred E. Meinke of Merchants Mutual, Buffalo, Mrs. Ruth Wolford of Chubb & Son, Washington, D. C.; Miss Allene H. Linder of Linder & Co., adjusters, Jacksonville, Fla.; Miss Eileen

At the luncheon in Philadelphia at which North America was host to National Assn. of Insurance Women are Mrs. Betty B. Hirst of Seibels, Bruce & Co., the outgoing president, with Richard S. Osgood, vice-president of North America.

Cleary of the Upright agency, Cleveland; Miss Mildred A. Bartels of the Edward S. Reque agency of Elgin, Ill.; Mrs. Connie Golden of the Miller agency, Shreveport; Miss Gertrude M. Hogg of Fireman's Fund, Albuquerque; Miss Fawn Linshoten of the Continental agency, Salt Lake City, and Mrs. Sadie Ward, Allstate, Tacoma.

Officers and directors were installed on Friday by Mrs. Christine D. Buchwald of the Watt agency, Cleveland, a past president.

North America group played host to the more than 600 who attended the convention, at a luncheon.

Frank G. Harrington, manager of public relations and advertising of the companies, welcomed the ladies on behalf of President John A. Diemand. He stressed the importance of women in the insurance business today.

Those attending from North America included Richard G. Osgood, Thomas E. Walton and Russell H. Petefish, vice-presidents and Richard B. Light and William P. Arnold Jr., assistant secretaries.

Hartford Fire Appoints Carlstrom in Minn.

Roy W. Carlstrom has been appointed fire engineer of Hartford Fire in the group's new northwestern department at Minneapolis. He was first employed as an inspector and engineer and with Indiana Inspection Bureau and subsequently spent 13 years as a special agent and state agent in Minnesota, Wisconsin and Michigan. A past president of Minnesota Fire Underwriters Assn. he has sold his interests in a St. Cloud local agency, where he was vice-president.

A bill which would give the state a **compulsory auto** liability law has been introduced in Delaware. The measure would require car owners to show evidence of financial resonsibility through insurance or otherwise when they apply for registrational renewals after the first of next year.

New Orleans Is Site for Mutuals' Annual

"Evaluating Today's Insurance Wants" will be the theme of National Assn. of Mutual Insurance Companies' annual convention, Oct. 20-23, at Jung hotel in New Orleans at which more than 1,000 persons are expected to attend.

A number of mutual organizations—Federation of Mutual Fire Insurance Companies, Transportation Insurance Rating Bureau, Advertising Sales Conference, Mutual Loss Research Bureau, National Federation of Grange Mutual Insurance Companies, and Mutual Insurance Council of Editors—will hold meetings concurrent with the national association's annual. As an added feature, a post convention tour via plane to Yucatan, Mexico has also been arranged. C. B. FunderBurk, manager of Cotton States, is general convention chairman.

Employers Mutual Casualty of Des Moines has named George A. Morrell to the board.

Fuller Photos from NAIC Atlantic City Rally

J. R. Barry, president of Corroon & Reynolds, who stated in forthright manner during the commissioner's meeting the need of the fire companies for additional income, with Spaulding Southall, assistant general manager of National Assn. of Independent Insurers, at Atlantic City last week. Photo by Harry H. Fuller, midwest manager of the National Bureau.

Mr. and Mrs. Peter L. Davey, photographed by Harry Fuller of the National Bureau at the NAIC meeting last week at Atlantic City. Mr. Davey is assistant manager of California Inspection Rating Bureau.

James M. Cahill, secretary of National Bureau of Casualty Underwriters, with Harry Richardson, retired general manager of National Council on Compensation Insurance, photographed by Harry Fuller of the National Bureau at the NAIC meeting in Atlantic City.

At the bottom, Commissioner Paul Hammel of Nevada, new NAIC executive committee chairman, with Ross P. Duncan, the Alaska commissioner.

At the NAIC [redacted] at Atlantic [redacted], Robert [redacted]son, assistant U. S. manager of Zurich, with Thomas T. Elmore of the Florida department and F. A. Holderman, superintendent of underwriting services for Zurich.

Bottom—Mrs. McConnell; F. Britton McConnell, California commissioner, and William Leslie, general manager of National Bureau of Casualty Underwriters. Photos by Harry Fuller, midwest manager of the bureau.

Photographed by Harry Fuller, midwest manager of the National Bureau, at the NAIC meeting at Atlantic City: From the left, Kenneth Jones of Mutual Insurance Rating Bureau: Elmer Twaits of National Bureau; Commissioner William A. Sullivan of Washington; Joseph Muir of Mutual Bureau, and William Leslie, general manager of the National Bureau.

Top: William B. Rearden, president of Loyalty group, at the NAIC meeting at Atlantic City with Mrs. Joseph Collins and Joseph F. Collins of the New York department.

Bottom: Three members of the Nebraska department—Walter Madden, chief examiner; John H. Binning, who is to take over as director July 1, and Thomas R. Pansing, the outgoing director, who is to resume the private practice of law.

Vestal Lemmon, general manager of National Assn. of Independent Insurers, at the NAIC meeting in Atlantic City, with Ralph F. Apodaca, New Mexico superintendent. Photographed by Harry H. Fuller, midwest manager of National Bureau of Casualty Underwriters.

Commissioner Sam Beery of Colorado with Commissioner Robert B. Taylor of Oregon, photographed at the NAIC meeting last week by Harry Fuller, midwest manager of the National Bureau. Mr. Taylor is the outgoing president of NAIC.

Property Course Graduates Feted Before Joining Sponsoring Companies' Field Force

Ten young men comprising the seventh graduating class of the property course at Illinois Institute of Technology were guests of Western Underwriters Assn. at a graduation banquet last week at the Union League club in Chicago. The students, having completed their accelerated two-year course, were presented with certificates of graduation by western department managers of their respective companies at the informal commencement exercise.

Six companies participated in and derived the fruits of the 1957 program with Hartford Fire sponsoring and acquiring the services of half the graduating class. The sponsoring companies pay the students' tuition and give them on-the-job training. The students spend a half day in class and afternoons with their companies obtaining practical experience in the many departments. Upon completion of the course, the men report to their sponsoring companies, supplying these companies with a group of field men of excellent potential and educational background.

The young man receiving his certificate of graduation from Charles L. Day, secretary of the midwest department of North British, is William Pettus, president of the graduating class of the Illinois Institute of Technology property course. Mr. Pettus was sponsored by North British through a scholarship and will join that company's field force.

Most of the students are taken right out of high school, although a few have a year or two of college. First year curriculum is about the same as is found at any liberal arts college, and the second year is the professional year with courses covering appraisals, business law, the Dean Schedule, public speaking and many other items pertinent or helpful to the field man. The course is no soft touch, and although companies, in competing with other industries for prospects discover that a good man is hard to find, they nevertheless are selective and insist that recipients of the scholarships be in the upper 20% of their high school class.

Making a few valedictory remarks, John J. Ahearn, professor of fire protection at Illinois Tech, told the graduates that they were "marked men" as they go into industry, since companies, which have spent much money and time on them, are going to expect a substantial return and will be quick to note their progress or lack of it.

Kenneth S. Ogilvie, assistant manager of Western Underwriters Assn., declared that any attempt by another company to proselyte the graduates from their sponsors would be a "blow below the belt," and he advised the young men to stick with their sponsors, who already are aware of their capabilities and who would advance them as fast as they are ready for it.

Pleased with the caliber of the graduates but lamenting that there were not more of them, Mr. Ogilvie said: "We have to start contacting secondary schools while men are in the junior classes if we are going to get more men."

Enthusiasm for the course was mutual between the company and the student and one graduate commented that he endorsed the program "so heartily that I recommend it to my younger brother."

Ill. Speakers Bureau Starts Full Operations

Illinois Insurance Speakers Bureau, formed earlier this year under joint sponsorship of local independent agents and Assn. of Casualty & Surety Companies, is launching full operations. The 160 members of the bureau, who have received special training at University of Illinois and Northwestern university, are available for programs of any organization in the state, speaking on a wide variety of accident prevention and insurance topics. Services of the members can be obtained by writing the bureau at Room 1920, 120 South La Salle street, Chicago 3, Ill.

Combined to Vote on Hike of $300,000 in Capital

Combined of Chicago is planning a stockholder meeting to consider an increase in capital from $700,000 to $1 million through a three-for-seven stock dividend. If approved, stock will be distributed about Oct. 15, following a transfer of $300,000 from surplus to the capital account.

The Hartford Fire contingent was the largest among the graduates of the property course at Illinois Institute of Technology. Pictured here receiving his certificate of graduation and congratulations from Earle S. Whitcombe, assistant manager of Hartford Fire, is Robert Holcomb. From left to right are: Mr. Whitcombe; Norris Hays; Donald Henderson; Mr. Holcomb; Thomas Harvison; Larry Katterheinrich; and Philip S. Beebe, manager of Hartford Fire and president of Western Underwriters Assn. which held the graduation dinner.

Suggests Development of World Wide Capacity

(CONTINUED FROM PAGE 19)

few areas, such as Florida and Texas, had hurricances been sufficiently numerous and severe to establish EC rates with real fat on their bones. In such areas EC rates even exceeded fire rates. In the east and northeast only in very recent years, have EC rates and forms reflected the violence of the elements.

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Similarly, fire rates have been under pressure partly through increased competition, but largely also because regulatory bodies and authorities, in their rate making, deliberately have restricted the factor for catastrophe occurrences.

Because such rates, both for EC and fire, have been and still are very thin they have affected and severely restricted the ability of primary insurers to pay premiums for their catastrophe covers of a size and scope sufficient to attract catastrophe insurers. This condition is particularly obvious in the case of smaller companies with a portfolio largely localized within the limited east coast areas. If their rate for catastrophe protection were based on their own direct experience in recent catastrophes, they could not hope to make a profit.

This condition has been allowed to develop to the point where also individual risks of giant size are rated without proper regard to their own inherent catastrophe elements. As a result, Mr. Fougner declared, genuine risk taking has become a lost art and a difficult function partly because too many underwriters have been too busy and too happy producing nice even results from run-of-the-mill business, and partly because the bigger and giant risks have paid premiums too low to justify large commitments on the part of individual underwriters and too low to cover the cost of the other alternative, diffusion in the world markets.

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Second, tax regulations in most parts of the world have failed to recognize the cyclical nature and catastrophe elements in most branches of insurance. In hardly any country is it possible for underwriters to set aside out of pre-tax short term profits adequate reserves to meet the many vast and unknown catastrophe hazards which sooner or later will manifest themselves. The moment tax authorities generally, at the firm and intelligent prodding of underwriters, recognize such legitimate needs and permit establishment of catastrophe reserves, and at the moment underwriters recognize such reserves as part of their working capital to draw on in case of need and not as holy cows—many current rates would prove to be largely adequate to expand substantially the current market capacity.

Third, underwriters largely have failed to raise their commitments in accord with decreased monetary values and increased premium volume and business spread. Too many insurers are writing more or less the same gross and retaining the same net lines, in money, as they did 10 or 15 years ago, though their assets and premiums have increased many times, along with values generally. Their physical risk exposure has been relatively reduced while their monetary lines have remained largely undisturbed.

Fourth, internationally too many restrictions exist in the form of deposits for admission to markets, guarantee funds, the liquidity and capacity of active or potential reinsurers. Far too often such requirements are dictated more by convenience, tradition and the investment benefit of ceding companies, than by genuine insurance needs, Mr. Fougner asserted. Where government supervision, currency stability and economic strength are sufficient, the requirement of a good part of such guarantee and reserve deposits should be eliminated.

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Fifth, factual knowledge of hard to place lines frequently is lacking, which results in the restriction or preclusion of potential commitments simply because underwriters prefer to err on the conservative side. Too often such risk offerings get to distant markets accompanied by superficial information and with a minimum of time in which to take a decision.

Sixth, contact and communication reciprocally between big, sound and stable insurance markets are largely underdeveloped. Communication may not be undertaken at all because rates are too inadequate to justify the extra effort required for the ultimate distribution risk situations often require, he added.

Seventh, a few unscrupulous individuals or firms acting as self-styled internationalists have made it their business to peddle abroad business which by its very nature—insufficient rates, sloppy underwriting, fraudulent practices or general deceit—would be unpalatable to local and more sophisticated underwriters. Such practices deliberately aim to capitalize on the ignorance of "innocents abroad," and the ultimate effect has been to produce shock and suspicion of foreign offerings, with further restrictions of capacity.

From time to time, for instance, supposedly conventional and orthodox American business is offered abroad under the pretense of limited capacity. Very often such offers have been tinged by elements too obviously unattractive to make the business touchable at home. In some cases the financial structure has been wholly inadequate and even bordering on bank-

ruptcy. In others the men behind them have been smart operators looking for quick profits through deliberate deceit. It would be a good rule for foreign underwriters to check such offerings with established sources of reference. Any commissioner would welcome such direct inquiries. Within the year many foreign markets have witnessed the offering identified with a certain province on this side of the Atlantic though the company never had obtained a license to operate as an insurer in the province where its official address purported to be.

These restrictions all are man made, he said. They limit or hide the financial capacity which physically is there, theoretically and technically available to cope with most genuine and deserving requirements. They are imposed partly by government authorities, partly by other regulatory bodies and partly by underwriters. The business should work for their removal or diminution.

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For example, there are approximately 775 U. S. stock insurers with assets of $17.7 billion and surplus of $7.8 billion. Of these, 212 or 27% participate in one or both nuclear energy pools—for property damage and for third party liability. While these participants represent 71%, $12.5 billion of the total assets, there remain approximately 560 companies with assets of more than $5 billion which have taken the attitude that they can and should stand aloof. Total commitments in the two nuclear energy pools aggregate $75 million—six tenths of 1% of total assets of the subscribing companies and 1¼% of combined policyholders surplus.

While serious effort is being made to enlarge the established capacity, a near exhaustion is evident. As an alternative, this giant business is calling on the government to help out with $500 million or coverage. The business, he asserted, screams about high taxes and costly government bureaucracy but almost unanimously prefers the government to provide unclear cover to the adequate commitment of its own faculties.

Mr. Fougner strongly criticized those companies that stand entirely aloof of nuclear insurance and said it is a shame others approach it so gingerly. The strength is there, in assets and business volume. The weakness is one of statesmanship he declared. It is based on lack of factual knowledge and intellectual interest and on an absence of respect for the tremendous achievements and the safety precautions of an army of brilliant and devoted scientists. It places lethargy, tranquility, safety and peace above courage and vision and above the particular responsibility of the business. Naturally, all work to produce a profit. But in insurance, this must not mean that the business is never prepared to take a loss. That is its specific *raison d'etre*. There is also a social and economic function to perform.

A negative course courts double trouble, he believes. First, in the nuclear race, by handing the other camp ultimate victory; and second, by shirking an obvious duty in this business and thus inviting the reliance upon paternal government which leads to usurpation of private enterprise.

In contrast, he said, in Germany the Volkswagen works have two principal locations, at Wolfsburg where the fire insurance alone amounts to more than one billion German marks, or roughly $252 million, and at Hanover, where fire insurance is roughly $33,600,000. The U&O on both amounts to more than $102 million. The probable maximum single loss is estimated at $31 million. These insurances have found a market. Why? Because the rates were considered adequate and because in Europe lines of communication are effective. Would similar insurance have been placed readily if they originated in this market? One giant European insurer is reported to hold a net $14 million. That, Mr. Fougner thinks, reflects statesmanship.

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There are in this country a large number of high valued risks—bridges, dams, tunnels and art collections—which are designated target risks. This term eliminates them from the normal obligatory reinsurance treaties. The reason is that reinsurers generally do not want to be over-lined through cumulation from several and unknown resources. The net effect, however, is to reduce the market's capacity.

There are, however, in this country and in the world generally a vast number of giant risks of the same type or representing industrial, public utility, municipal, research or academic institutions where global markets could all play a constructive, active role, he said. An informal pool of innumerable insurance and reinsurance companies the world over, carefully selected by strength and security, could handle such risks with comparative ease, if approached and used with sufficient frequency to establish a minimum of balance and spread.

Thomas B. Barnes has joined Robert W. Fessler Insurance Associates, local agency of Indianapolis. Mr. Barnes, a CPCU, has been with Consolidated since 1953.

A&S Agents Meet, Bennett Succeeds Coffey

(CONTINUED FROM PAGE 3)

The by-laws were amended to enable the association to increase the number of board members from 21 to as many as 30. This is to provide zone chairmen for areas that have been outside the reach of present zone chairmen. The board members were increased from 18 to 21 in 1956.

A proposal to elect a president-elect each year was not acted upon because it was not placed on the agenda in time to comply with the minimum time requirement of 30 days. Tabled with it was the proposed resolution that had been presented to local associations calling for three vice-presidents instead of two, and the New Jersey association's resolution that four vice-presidents be elected on a regional basis.

E. J. Coffey, outgoing president, in his report for the year, stated he had traveled 41,000 miles since he became president in Miami last year. In that time there have been many accomplishments in public relations, education, membership, legislation, and administration.

In public relations much has been done, he said, and consequently a different attitude has been gained among company executives. In education, a still better job could have been done with the Disability Insurance training council program if there could have been another year in which to develop it before the NALU and LUTC programs got under way.

Membership, he suggested, should be increased among life underwriters who are now writing A&S but who have not been writing it in the past. Membership is definitely tied into the program of legislation. If state and local associations are strong, the legislative committee can do a real job.

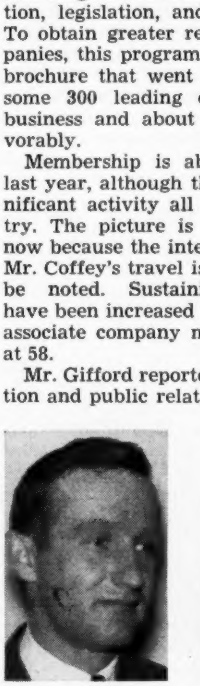
Mr. Coffey warned of the "socialistic trend in our national capital." He cited the formation of the Department of Health, Education, and Welfare, with an appropriation this year of $2.5 billion from taxes—a department that seems to have been formed to be a strong arm in the government. He also cited action of Federal Trade Commission which, he said, was to gain jurisdiction in the A&S field.

Bruce Gifford presented a comprehensive report of his first year as the association's managing director. He pointed first to Health Insurance Council's figures on persons covered and then brought out that the number covered by individual loss-of-income policies has remained at about 15 million the past three years. Producers, he said, should work toward filling the great need for this primary coverage.

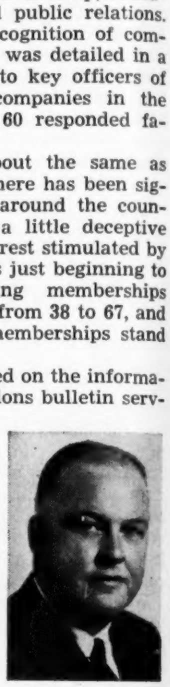
He said the association's program of activity has followed the "positive thinking" formula laid down by President Coffey, which has embraced the four large areas of membership, education, legislation, and public relations. To obtain greater recognition of companies, this program was detailed in a brochure that went to key officers of some 300 leading companies in the business and about 60 responded favorably.

Membership is about the same as last year, although there has been significant activity all around the country. The picture is a little deceptive now because the interest stimulated by Mr. Coffey's travel is just beginning to be noted. Sustaining memberships have been increased from 38 to 67, and associate company memberships stand at 58.

Mr. Gifford reported on the information and public relations bulletin serv-



Bruce Gifford



Jay DeYoung

ices to members and state and local officers, on the revision of the speakers' bureau roster, on the tape-recording library of inspirational talks, variations of the "choose the plan" directory, and on economies at headquarters which resulted in some reductions in operating expenses.

Members of the Leading Producers Round Table who qualified in 1956 production elected officers for the first time at the annual breakfast session of that group. Oakley Baskin, Mutual Benefit H.&A., Buffalo, chairman of the LPRT committee, presided at the session, aided by Herbert Sloan, St. Paul Hospital & Casualty, St. Paul.

The first president is Clarence G. Kluckhohn, Mutual of Omaha, Waterloo, Iowa. Ralph V. Matlin, Washington National, Los Angeles, is vice-president, and Carl L. Brandt Sr., Fond du Lac, Wis., is secretary.

Mr. Baskin announced that at the request of members a combination emblem and tie-chain is available to qualifiers at the price of $5, or at $3.50 for the emblem alone.

Vincent J. Monitto, Mutual of Omaha, Burlington, Iowa, answered the question of "What makes a leading producer?" A person must have a combination of attributes and one very important requirement is creative prospecting. This means, for one thing, the expanding of the market to a point where three-fourths of earning power is protected. Competition is good, he declared, and the more there is, the more insurance-conscious people become.

A planned and memorized sales presentation is important, he said. There

must be an approach, a problem, a solution, confidence must be gained, and then comes the close. Closing is overabused, because "if you have succeeded in motivating a person, he will buy." People buy by emotions more than by logic he concluded.

E. H. Magnuson, Federal L.&C., Battle Creek, Mich., who has been chairman of the association's educational committee and who has done a great deal of work on the Disability Insurance Training Council's training course, was made president of the council, succeeding Leonard A. McKinnon, McKinnon & Mooney, Flint, Mich.

Mr. Magnuson urged officers and delegates of local and state associations to get down to brass tacks in organizing classes to be started in the fall. Mr. McKinnon urged determination and enthusiasm in installing the classes and received a unanimous vote of support from those in attendance. John G. Galloway, director of DITC, proved the value of the instruction by calling for comments on successful experiences with the course.

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An afternoon session was set aside as a workshop for officers of local and state groups, particularly the newly elected officers. Loane Randall, executive vice-president, St. Paul Hospital & Casualty, and president of the St. Paul association, drew from that association's experiences in the handling of interesting meetings. Leo E. Packard, Packard-Carson agency, Milwaukee, and secretary of the Wisconsin association, explained many short-cuts in secretarial duties.

James R. Williams, vice-president, Health Insurance Institute, showed the public relations film strip prepared by HII, "People Are Our Business," which considers public attitudes toward health insurance and which has been prepared for people in the health insurance business. It runs for more than nine minutes and is available on a loan basis from the Health Insurance Institute, 488 Madison avenue, New York 22, N. Y.

In a many-faceted report of observations, prediction, and review, E. J. Faulkner, president, Woodmen Accident & Life, and past-president of the Health Insurance Assn. of America, expressed his strong convictions that the business will continue to forge ahead to provide a satisfactory measure of protection for all insurable Americans. "It is my notion," he said, "that the best is yet to be," because the industry is on the threshold of the age of the competent, professional opportunity in sales work today.

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The tremendous volume of insurance in force implies the overwhelming endorsement of the public, and the record of an increase in premiums of 3,153% since 1933, plus the continuing growth in population and in the American economy, are all grounds for optimism.

Now, too, the industry has Health Insurance Assn. of America, a single strong organization of companies that have in force more than 80% of the business in the U. S. and Canada, and through it the industry also has Health Insurance Institute as a voice of public relations. Mr. Faulkner said he is convinced that if there is to be enlightened government regulation and a better public response, this can come about only when there is understanding at the grass roots, and here, he said, is where men and women of the field families can exert an enormous influence.

From the experimentation characteristic of the business, insurers are increasingly impressed with the importance of the deductible, coinsurance, and fair discrimination in premium rate. Underwriters, he said, can strengthen the structure of voluntary insurance by stressing the importance of insuring against the big risks and explaining how the deductible and coinsurance enable the insurer to provide even better protection at reasonable cost.

Mr. Faulkner said that common sense and the well-being of the business dictate the expansion of sales in group lines as well as in individual coverages. He criticized, however, a seemingly growing tendency to extend them to groups that offer little prospect of satisfactory experience.

Despite medical advances and improved living standards, the disability hazard continues and, in fact, the lengthened life span has intensified the need for protection. Mr. Faulkner concluded by saying that no substitute has been found nor, in his judgment, will be found for the career agent who will meet the challenge of the greatest opportunity in sales work today.

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The sales advice of Raymond C. Swanson, agency vice-president, Monarch Life, dealt largely with attitudes —those that need to be overcome and those that need to be developed.

Among the first are a poor mental attitude toward the business, which in turn places a poor value on the business, and an attitude of hesitancy in calling on customers and prospects in this "business of people." One quick way to overcome this hesitation is to answer two questions: Why does this person need what I am going to offer, and what objections is he likely to raise?

An important attitude that should be developed is that of thinking and talking in terms of a person's business. He brought out repeatedly the value of explaining benefits and price in terms of that business, to a doctor, for example, in terms of calls on patients, to a grocer or auto dealer in terms of their businesses, rather than in insurance terms.

Instead of selling a policy as personal insurance, sell it as a business expense, even though it might not be a tax-deductible item, and objections that might be normally received can be avoided.

"I believe personally," Mr. Swanson said, "that a renewal commission is not earned at the time of the sale, but is paid for by serving the customer. He is our most valuable asset; we must treat him right."

Stanley Peterson, agent for Business Men's Assurance, La Crosse, Wis., presented his dramatization of "baking a cake," in which he acted out a dream in which he had forgotten how to prospect and found himself in a bakery. After donning a baker's apron and hat, he started making a cake in which each of the processes and various ingredients represented requirements and sources for prospects.

While mixing the cake's ingredients, he brought out how prospecting is an activity of seeing people and creating the need, which, he said, makes a prospect of almost anyone. Cold canvassing is still a good source, especially in geographic centers and communities

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where there has been serious sickness or injury.

Policyholders are prospects, including franchise and group clients, also business people, friends, relatives, women, people in professions, home buyers, new fathers, people in new employment.

"I see a lot of people," Mr. Peterson said. "When I see a lot of people, I sell a lot of policies, and when I sell a lot of policies, that puts dough in my pocket."

William H. Gove, vice-president, EMC Recordings Corp., St. Paul, in an inspirational "never-a-dull-moment" talk, shared "just one idea" with a large luncheon audience. The idea, he said, is represented by a word that creates between two people a relation in which both can benefit. "Selling" is not the word because it means conflict, combat. "I think the word we are looking for is 'swap.' It says, 'I'll serve you and you'll serve me,' or 'We'll do this and you'll do that.' There is a double responsibility."

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The gift of attention is important in swapping, Mr. Gove said. Listening can be good, but it can be overdone. "In my relationship where persuasion is involved, I always listen to the other fellow, but he must listen to me, too. I will swap him." As swapping material for the salesman, he named four gifts: Concession, attention, reassurance, and experience. "In the swap relationship, you must start with you."

A verbal and visual demonstration of a "Motiv-Piston" mechanism and of the application of good human relations and knowledge was given jointly by William H. Froehlich, manager, Occidental Life, and Dale B. Potts, executive vice-president, Wisconsin Casualty Assn., both of Milwaukee.

They showed how, with the aid, of the piston of burning desire and the oil of human relations, plus the right mental attitude, such a mechanism can be created, and then how it can be put into motion by the spark of enthusiasm. Their message was that "what the human mind can conceive and believe can be achieved."

"The financial security programs you sell must include A&S if they are to be truly complete," declared Charles N. Walker, Lincoln National Life. He likened programs without A&S to a nice new Cadillac without any gas in the tank—it looks nice and costs a lot of money, but it won't get you where you want to go.

People's financial problems are similar—to earn a living and to save money—but also to be considered are those three hazards that can keep a person from earning and saving money: Disability, death, and old age.

Without income protection during disability, especially long disability, a man's program of financial security against those other hazards, death and old age, is definitely insecure. "As a salesman of security, this is your concern and your obligation, because if it happens to one of your clients you have not done your job properly."

To be sure a man's financial security is complete, first sell him income protection that best fits his needs, and then sell protection against medical expenses. The medical expense protection should be against those expenses that can ruin a man's financial security program, the major expenses as covered by a major medical policy. The chief concern is the total cost, which should be insured from the top down instead of from the bottom up.

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Edward H. O'Connor, director, Insurance Economics Society, delivered a message for Dr. Charles W. Mayo of Mayo Clinic, Rochester, Minn., and a director of Mutual of Omaha, who was called back to Rochester before he could appear on the program as planned.

In the message, Dr. Mayo stated that although he was not an official speaker for American Medical Assn., he knows that both medicine and insurance are working toward a common goal.

The best medical care, he said, is obtained when control lies at the local level. It is not the American way of life to impose a tax to finance insurance with centralized government control. He said he purposely shuns the term "socialized medicine" but there are misguided individuals and groups who would bring about government control.

He gave figures to show the great growth of voluntary insurance coverage in recent years and said that "we have all kept the faith of our professions" and can take pride in the achievements of voluntary insurance.

He noted that there have been differences of opinion between labor organizations and AMA regarding policies and terms of medical care and observed that it is obvious that labor union members are rapidly placing themselves under protective coverage of voluntary insurance in spite of what labor leaders favor.

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Five state associations held meetings during the convention: Iowa, Minnesota, Nebraska, South Dakota, and Wisconsin. The past presidents' breakfast, which has become a traditional event of the International conventions, took place on the morning of the final day.

Convention hosts were the Minnesota and St. Paul associations. J. Peter Devine, Occidental Life of Calif., St. Paul, was general chairman of the convention committee which included Walter Bertram, Arne Bruheim, Russell Douglas, Carl A. Ernst, Mrs. Mollie Imm, Mrs. Carl A. Ernst, William Johnson, Robert Lawrence, Terry McGovern, Robert L. Owens, William O. Peterson, Les Randall, Loane Randall, James Robb, Donald Sault, Herbert Sloan and John Symanitz.

The program fare was spiced with entertainment that included a reception in the first evening, sight-seeing, special features for the ladies, refreshment sessions, and on the final night the climaxing banquet and entertainment at which the new officers and the annual Harold R. Gordon "A&H man of the year" award were presented.

John C. Weghorn local agency of New York is sponsoring a forum June 20 on the commercial property form.

N. J., N. Y. Departments Commended by NAIC in Cooney Case Action

Very much in the news during the commissioners' meeting was the case of John R. Cooney, former president of Loyalty group, who is accused of making off with some $350,000 of company money. Newspapers in Newark and Philadelphia are giving this detailed attention, and there were two or three daily newspapermen at the NAIC meeting looking under beds and in the closets. The Cooney case is a hot political issue in New Jersey, offering the Republicans a means of thumping at the Democratic administration and at the insurance commissioner, Charles R. Howell, who ran for the U. S. Senate on the Democratic ticket in 1954 but was defeated.

Mention of Mr. Cooney was not part of the convention agenda, of course, but the matter did come up in the form of a resolution prepared by Thomas R. Pansing of Nebraska, Donald Knowlton of New Hampshire, and Leo O'Connell of Idaho. Superintendent Holz of New York and Commissioner Howell were commended in the resolution for the "calm, judicious, deliberate and effective manner in which the investigation into the affairs of the Loyalty group was conducted as being in the best interests of the public, the policyholders, the stockholders, the insurance industry and the supervisory authorities." The action of the two commissioners in pursuing the matter "with determination" was termed "in the best traditions of the association."

Mr. Pansing headed the informal group which prepared the resolution "in response to . . . general expression of interest on the part of many individual commissioners."

The resolution was adopted unanimously.

$100,000 Loss in N. J. Restaurant Fire

The fire which destroyed the Steak Pit, a large roadside restaurant located near Paramus, N. J., will cost insurers around $100,000. The modern, ranch-style structure was insured for building, contents and business interruption.

The fire which leveled the resturant was the second to occur in the building within four hours. General Adjustment Bureau is handling the loss.

Pacific National Moves Claims Unit to S. F.

Pacific National has moved its claims department headquarters from Philadelphia to San Francisco, and has named Patrick Magarick assistant vice-president and secretary in charge of claims there. Also transferred were Robert V. Nugent, who will assist Mr. Magarick, and Frank G. Garvin, home office claims attorney.

Reins Corp. of N. Y. Pays Increased Dividend

Directors of Reinsurance Corp. of New York have declared an increased dividend of 25 cents per share payable July 16 to stockholders of record June 28. This is an increase of five cents over the declaration for the first half of 1956 when a dividend of 20 cents per share was paid.

Springfield (Ill.) Assn. of Insurance Women has installed its new officers. They are: President, Mrs. Ruth M. Peterson; vice-president, Miss Jo Bruggeman; secretary, Mrs. Fannie Mae Aiello, and treasurer, Mrs. Reba Ford.

Travelers Offers Plan for Unified Monthly Payment of Premiums

Travelers has introduced a plan enabling agents and brokers to offer many combinations of family insurance with premiums payable on a monthly basis with a single check, effective July 1.

The program is called the Travelers premium budget plan and consists of two features. The first provides for a budget plan agreement under which insured makes monthly payments after a down payment. This applies to premiums for casualty and fire insurance. The second provides, in connection wit the first, for the simultaneous collection of life and A&S premiums.

Regional collection offices have been established in New York, Hartford, Dallas, Atlanta, Chicago and San Francisco. Agents and brokers are given the option of making their own collections of monthly payments, or providing for policyholders to send their payments directly to a regional office.

President J. Doyle DeWitt said extensive research indicated a substantial majority of the public would prefer the convenience of paying for all its personal insurance on a monthly basis and by a single transaction. Travelers feels that the new plan is a significant step in enabling the public to carry the kinds and amounts of family insurance it needs.

Gesen, Williamson Are Elected Jackman Group Company Presidents

Carl G. Gesen has been elected president of Manufacturers & Merchants Mutual of Concord, N. H., succeeding the late Charles L. Jackman. He has been with the company since 1929. Other officers elected are: Charles J. McKee vice-president; Dean P. Williamson treasurer, and Edgar S. Hammond secretary.

Phenix Muual Fire has elected Walter Williamson president. He has been with the company for 63 years. Mr. Gesen was elected vice-president, Mr. Williamson secretary, and Mr. Hammond treasurer.

Standard Accident, Planet Open New L. A. Office

Standard Accident and Planet have opened their new offices at 3400 West Sixth street in Los Angeles. Present for the occasion were L. K. Kirk, president; L. M. Goodspeed, vice-president and treasurer of Standard Accident, and E. S. Cunningham, branch manager.

George W. Schmidt, attorney on the legal staff of Columbia Broadcasting System, has joined the legal staff of Nationwide.

Treasury List of Bond Qualifiers Is Published

(CONTINUED FROM PAGE 1)

	1957 $	1956 $
Hartford Accident	11,599,000	11,192,000
Hartford Fire	30,388,000	———
Hawkeye Security	255,000	261,000
Home Indemnity	2,093,000	2,256,000
Home	23,756,000	24,903,000
Houston Fire & Cas.	552,000	572,000
Indemnity of N.A.	9,558,000	8,968,000
Industrial Ind.	768,000	678,000
Ins. Co. of N.A.	45,449,000	43,199,000
State of Pa.	753,000	———
Intl. Fidelity	210,000	209,000
Iowa Mutual	204,000	———
Kansas Bankers Surety	72,000	71,000
Kansas City F.&M.	289,000	324,000
Liberty Mutual	8,629,000	8,237,000
*London Assurance	1,103,000	1,392,000
*London Guarantee	1,218,000	1,381,000
*London & Lancashire	1,218,000	———
Lumbermans Mut. Cas.	3,000,000	2,700,000
Maine Bonding	189,000	120,000
Manufacturers Cas.	653,000	1,109,000
*Marine	545,000	558,000
Maryland Cas.	6,633,000	6,75,3000
Massachusetts Bonding	2,080,000	2,085,000
Mercantile	665,000	664,000
Merchants Fire, N.Y.	4,472,000	4,139,000
Merchants Indemnity	1,869,000	1,687,000
Metropolitan Cas.	1,473,000	1,746,000
Michigan Surety	114,000	———
Mid-Century	175,000	176,000
Milwaukee	1,959,000	2,137,000
Minneapolis F.&M.	438,000	428,000
National Auto	173,000	266,000
National-Ben Franklin	810,000	813,000
National Casualty	700,000	700,000
National Fire	4,409,000	5,186,000
National Grange Mut.	816,000	774,000
National Indemnity	159,000	154,000
*National Re	———	1,050,000
National Surety	2,838,000	2,911,000
National Union Fire	2,719,000	2,789,000
National Union Ind.	312,000	331,000
New Amsterdam Cas.	3,072,000	3,166,000
New England	1,044,000	1,022,000
New Hampshire Fire	2,263,00	2,194,000
Newark	1,301,000	1,288,000
North American Re	2,953,000	2,049,000
*North British	841,000	959,000
North River	4,50,000	3,947,000
*Ocean Accident	1,337,000	1,416,000
Ohio Casualty	1,80,000	1,700,000
Ohio Farmers Ind.	555,000	584,000
Old Colony	1,693,00	1,731,000
Pacific Employers	875,000	824,000
Pacific Indemnity	1,784,000	1,906,000
Pacific, T. H.	147,000	130,000
Pacific Natl. Fire	1,937,000	2,276,000
Peerless	733,000	1,062,000
Pennsylvania Fire	1,550,000	1,535,000
Phoenix Assurance, N.Y.	1,635,000	1,176,000
Phoenix, Conn.	11,056,000	10,970,000
Planet	361,00	347,000
Progressive Mutual	176,000	———
Providence Wash. Ind.	240,000	280,000
Providence Wash.	1,237,000	1,414,000
Public Service Mut.	454,000	384,000
Queen	3,287,000	3,264,000
Reinsurance Corp.	1,598,000	1,627,000
Reliance	884,000	845,000
Riverside, Ark.	118,000	105,000
Royal Indemnity	3,629,000	3,580,000
*Royal	2,379,000	2,339,000
Safeguard	1,044,000	———
St. Paul F.&M.	10,475,000	9,821,000
St. Paul Mercury	1,421,000	———
St. Paul-Mercury Ind.	———	2,282,000
*Sea	645,000	696,000
Seaboard Surety	1,4.6,000	1,302,000
Security, Conn.	1,663,000	1,813,000
Security Mut. Cas.	873,000	845,000
Security National	190,000	188,000
Springfield F.&M.	5,261,000	5,361,000
Standard Accident	1,156,000	3,290,000
Standard, Okla.	194,000	180,000
Standard, N.Y.	1,156,000	1,164,000
State Auto Mutual	2,044,000	1,986,000
State Fire & Cas.	83,000	88,000
Summit Fid. & Sur.	63,000	57,000
Sun of N.Y.	928,000	———
*Sun, Eng.	827,000	941,000
*Swiss Re	2,397,000	2,559,000
Texas Indemnity	86,000	87,000
Traders & General	227,000	301,000
Transcontinental	1,646,002	1,584,000
Transit Casualty	342,00	337,000
*Transatlantic Re	314,000	273,000
Transportation	502,000	466,000
Travelers Indemnity	8,000,000	6,500,000
Trinity Universal	1,346,000	1,411,000
Tri-State	241,000	252,000
United Bonding	55,000	———
United Pacific	706,000	724,000
United States Casualty	1,066,000	6,493,000
U.S.F.&G.	12,219,000	12,093,000
U. S. Fire	6,945,000	6,493,000
*Unity Fire & Guar.	355,000	346,000
Universal Surety	92,000	———
Vigilant	1,272,000	1,247,000
Virginia Surety	110,000	120,000
West American	228,000	231,000
Westchester Fire	3,910,000	2,833,000
Western Cas. & Sur.	1,232,000	1,202,000
Western Fire, Kan.	631,000	656,000
Western Surety	304,000	295,000
World F.&M.	834,000	841,000
Yorkshire	336,000	459,000

*Approved for reinsurance only.

Pan American Votes Increase in Capital

Pan American of Houston has voted to increase its capital to $700,000, by sale of $100,000 of preferred stock to present shareholders. After completion the increase, assets of the company will total approximately $3,000,000 and surplus to policyholders will be approximately $1,350,000.

Conn. Has Driver Training Bill

The Connecticut legislature has passed a bill requiring all new drivers under 18 in the state to complete an approved driver training course before obtaining a license. The measure also increases from $2 to $5 the fee for taking an examination for a license, and provides that the extra revenue derived be used to help school operated driver education programs.

Virginia Casualty & Surety Assn. heard E. F. Welch of Aetna Casualty discuss the blanket crime policy at the June meeting in Richmond.

TOTALS OF 1956 AND 1955 BUSINESS

Classification of CASUALTY business only, of all companies, including fire companies, appearing in the Argus Casualty Chart that had casualty net premiums written of $5,000,000 or more.

CLASSIFICATION	1956 142 Stock Companies Figures in thousands (000 omitted)			1955 129 Stock Companies Figures in thousands (000 omitted)			1956 51 Mutual Companies Figures in thousands (000 omitted)			1955 45 Mutual Companies Figures in thousands (000 omitted)			1956 14 Reciprocals & Lloyds Figures in thousands (000 omitted)			1955 13 Reciprocals & Lloyds Figures in thousands (000 omitted)		
	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%
Auto Physical Damage	607,425	372,741	61.4	456,250	266,513	58.4	304,241	188,082	61.8	267,549	141,038	52.7	107,587	64,637	60.1	103,451	51,797	50.1
Auto Liability (B. I.)	1,148,411	869,710	75.7	1,040,118	730,572	70.2	448,974	360,836	80.4	400,525	297,357	74.2	89,620	64,643	72.1	78,825	50,286	63.8
Auto Liability (P. D.)	557,341	363,789	65.3	525,591	288,005	54.8	221,261	158,593	71.7	202,711	129,474	63.9	54,961	36,996	67.3	50,616	27,613	54.6
Other Auto	....	....	...	704	....	...	1,569	....	...	3,255	1,034	31.8	212	57	26.9	205	2	1.0
TOTAL AUTOMOBILE	2,313,177	1,606,240	69.4	2,022,663	1,285,090	63.5	976,045	707,511	72.5	874,040	568,903	65.1	252,380	166,333	65.9	233,097	129,698	55.6
Individual Accident & Health	143,337	66,131	46.1	132,635	61,450	46.3	12,926	7,318	56.6	10,573	5,917	56.0	1,142	1,385	121.3	1,062	561	52.8
Group Accident & Health	342,967	285,249	83.2	284,326	233,790	82.2	77,456	67,754	87.5	65,505	55,729	85.0	771	235	30.5	453	74	16.3
Boiler & Machinery	46,330	8,181	17.7	43,632	10,103	23.2	18,073	3,944	21.8	16,118	3,880	24.1	125	141	112.8	89	138	155.1
Burglary	93,613	48,960	52.3	90,120	37,291	41.4	6,599	3,398	51.5	5,942	2,757	46.4	613	238	38.8	543	679	125.0
Credit	7,991	1,388	17.4	3,252	744	22.9	98	29	29.6	89	—3	...	....	....	...	....	....	...
Fidelity	71,693	32,649	45.5	69,102	27,318	39.5	4,717	2,543	53.9	3,966	1,876	47.3	666	216	32.4	707	499	70.6
Glass	30,690	16,150	52.6	29,701	13,562	45.7	3,565	1,990	55.8	3,247	1,560	48.0	15	7	46.7	....	....	...
Liability not Auto (B. I.)	393,509	212,140	53.9	356,614	198,727	55.7	104,228	71,242	68.4	89,951	54,835	61.0	8,024	4,391	54.7	6,347	3,008	47.4
Liability not Auto (P. D.)	94,292	49,776	52.8	81,366	42,555	52.3	20,877	14,456	69.2	16,674	9,143	54.8	1,638	1,347	82.2	1,040	315	30.3
Livestock	1	......	...	4	2	50.0	11	8	72.7	8	1	12.5	1,045	400	38.3	1,030	512	49.7
Surety	144,293	57,649	40.0	134,141	47,854	35.7	1,285	339	26.4	787	295	37.5	116	30	25.9	91	41	45.1
Workmen's Compensation	666,484	450,348	67.6	612,111	403,262	65.9	361,852	240,541	66.5	339,297	220,740	65.1	17,211	10,810	62.8	30,074	15,946	53.0
Miscellaneous	35,110	20,379	58.0	20,173	10,102	50.1	104	978	...	1,862	1,350	72.5	23	—5	...	73	5	6.8
GRAND TOTAL	4,383,487	2,855,240	65.1	3,879,840	2,371,850	61.1	1,587,836	1,122,051	70.7	1,428,149	926,983	64.9	283,769	185,528	65.4	274,606	151,476	55.2

	FINANCIAL REPORT *					OPERATING REPORT *							NET RESULTS *	
	Number of Co's.	Year	Assets	Liabilities	Surplus to Policyholders	Net Premiums Written	Premiums Earned	Losses & Loss Exp. Incurred	Underwriting Exp. Incurred	Ratios to Premiums: Losses to Earn.	Ratios to Premiums: Exp. to Writ.	Combined Loss & Exp.	Net Gain from Underwriting	Increase in Surplus
Stock Companies	142	1956	12,520,605,135	7,961,576,114	4,559,029,021	5,537,025,543	5,319,428,533	3,411,940,799	1,984,220,444	64.1	35.8	99.9	—76,732,710	162,181,583
	129	1955	12,344,353,094	8,198,268,696	4,146,084,398	4,874,482,502	4,718,070,468	2,820,960,821	1,726,934,462	59.8	35.4	95.2	170,175,185	509,309,363
Mutual Companies	51	1956	2,804,155,135	2,096,791,566	707,363,569	1,732,893,773	1,695,902,034	1,170,240,949	417,216,368	69.0	24.1	93.1	108,444,717	14,837,822
	45	1955	2,509,072,324	1,859,555,337	649,516,987	1,536,509,027	1,506,519,468	972,556,707	372,691,559	64.6	24.3	88.9	161,271,202	79,882,171
Reciprocals & Lloyds	14	1956	421,850,404	270,529,940	151,320,464	295,930,776	290,152,310	192,920,076	80,700,323	66.5	27.3	93.8	16,531,911	2,167,717
	13	1955	405,224,574	257,636,747	147,587,827	284,473,981	279,368,981	170,310,593	75,960,597	61.0	26.7	87.7	33,097,791	13,244,424
GRAND TOTALS	207	1956	15,746,610,674	10,328,897,620	5,417,713,054	7,565,850,092	7,305,482,877	4,775,101,824	2,482,137,135	65.4	32.8	98.2	48,243,918	179,187,122
	187	1955	15,258,649,992	10,315,460,780	4,943,189,212	6,695,465,510	6,503,958,917	3,963,828,121	2,175,586,618	60.9	32.5	93.4	364,544,178	602,435,958

*) TOTAL BUSINESS of the same companies whose casualty premiums and losses are classified above.

1957 Argus Casualty Chart Published

(CONTINUED FROM PAGE 2)

loss ratio is 67.6, also up from the ratio of 65.9 in 1955.

The results for the 51 mutual companies whose figures were tabulated followed the same trends as for stock companies with these companies having assets at the end of the year of $2,804,155,135 and policyholders' surplus of $707,363,569. Premiums written on all classes of business were $1,732,893,773 and premiums earned were $1,695,901,034. The over-all loss ratio was 69.0 compared with 64.6 the previous year and the combined loss and expense ratio was 93.2 compared with 88.9 the previous year. These companies had a gain from underwriting before payment of dividends to policyholders of $108,444,717 a drop of $53,826,485 from the 1955 gain.

On casualty business only, the overall loss ratio increased from 64.9 in 1955 to 70.7 in 1956, based on premiums earned of $1,428,149,000 in 1955 and $1,587,836 in 1956. Automobile premiums earned increased 11.6% to $976,045,000 with a loss ratio of 72.5 compared with 65.1 the year before. Liability bodily injury other than auto produced premiums earned of $104,228,000, up $14,227,000, with a loss ratio of 68.4, up 7.4 points from the previous year. Workmen's Compensation premiums earned were $361,852,000 with a loss ratio of 66.5 compared with the 1955 business of $339,297,000 and a ratio of 65.1.

The new Argus Casualty-Surety Chart presents the statistics of individual companies in a clear and concise form with the major annual statement items shown for each of five years and five year totals of the "operating report" items. Special tables also show the territories where the companies operate; a list of company changes since 1950; the classification of the total premiums written by groups according to lines written, shown as percentages of the total for each of 118 groups; a comprehensive underwriting and investment exhibit; and the latest obtainable statistics on each of the various state workmen's compensation funds.

The Argus Casualty-Surety Chart, like its companion in multiple line underwriting, the Argus Fire Chart and the Argus Accident & Sickness Chart to be published in a few weeks, sells singly for $2.50 per copy and less in quantities. It is now being delivered from the reference book department of the National Underwriter Company, 420 East Fourth Street, Cincinnati, and may also be obtained from any of its branch offices.

New Casualty, Surety Assn. Formed in Pa.

Casualty & Surety Assn. of Harrisburg (Pa.) has been organized. The new group incorporates the old Surety Assn. of Harrisburg, which has been dissolved.

Officers of the new association are: James F. McHale of Standard Accident, president; Dalton Curtis, Employers' group, vice-president; Thomas B. Hamm Jr., Aetna Fire, treasurer, and John A. Suder, U.S.F.&G., secretary.

WANT ADS

Underwriting Losses Call for Immediate Remedies

(CONTINUED FROM PAGE 1)

first three months could become worse as the year goes on. Help is needed if the companies are to cope with inflation and the gap between experience and rate levels.

The upshot of this was that the committee voted to appoint a subcommittee to report to the standing committee on the possibility of modifying the term rule after meeting with "all segments of the industry."

About 88% of the fire business is on the three or five year term basis, Mr. Barry pointed out. To increase rates would not offer any help for nearly 2½ years. If term discounts are reduced, however, there would be an immediate benefit. Losses are mounting and inflation is taking its toll, Mr. Barry said. He noted that the tornado losses in Missouri and elsewhere are second, not first, quarter losses, thus darkening the outlook. Adjustment costs are up around 20%. The present discounts for term business make no sense, he declared, in view of such inflated costs and in view of the fact that so much business is paid for on the installment plan, which defeats the former advantage of giving the insurer some money for investment.

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He suggested that the use of five year experience as a guide to rating should be changed to give allowance to "prospective" experience and to allow the states to consider the national situation. There is adequate provision in the rating laws to accomplish this, he opined.

J. Raymond Berry of the National Board confirmed Mr. Barry's statements on the inadequacy of term discounts.

Chase Smith of Lumbermens Mutual Casualty agreed that substantially increased rates are in order. The term differential, he remarked, is not accurate or scientific, and it has been known for a long time that it is not. The companies are paying 1957 losses with 1952 dollars, and a change from that situation is necessary.

Mr. Barry's idea was that the New York department study of 1948 offered some promising suggestions. The term discounts of 16 2/3% for three year business and 20% for five year business ought to be reduced to 10% and 12½%, he said. This would produce 8% more income pronto.

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A lack of sympathy with these cries of distress was shown by Hunt of Oklahoma, who pointed out that the companies have been continually liberalizing their contracts, "giving and giving and giving," until the rates have become too low to support the coverages. The companies are not blameless, he said. They maintain deviating affiliates, they use loss payments for competitive purposes, they keep business under binder for as long as 15 months.

Talking to the press representatives after the committee meeting, Mr. Barry indicated he has confidence that the term rule discounts will be changed rather soon, by filings through rating organizations or by companies acting themselves in states where filings are not required. He pointed out that there was unanimity of opinion within the industry that action has to be taken, this being one of the very few times that all the groups within the business have been together on a vital issue.

Conn. Auto Rates Get Big Increase

National Bureau of Casualty Underwriters and National Automobile Underwriters Assn. have revised auto rates for Connecticut, effective June 19.

Class 1 cars get liability increases of $2 to $23, class 2A is increased $4 to $25, and 2C increases $9 to $64. Farmers get a 30% discount.

NAUA is increasing comprehensive rates $8 and introducing the $50 deductible comprehensive program. The $50 deductible collision increases 9 to 13% and $100 deductible collision 12 to 18%. Class 2C goes up 30%.

Mississippi Agents Elect Brannin, Ok Ad Plan

(CONTINUED FROM PAGE 1)

in educational work and whose personal efforts had much to do with the establishment of Southern Insurance Institute at University of Mississippi, moved up to vice-president and heir apparent. D. J. Brewer, Greenwood, was reelected state national director. The new directors, each of whom will serve three years, are: W. G. Mize, Jr., Greenood; T. A. Doolittle Jr., Jackson; R. D. Portwood, Gulfport; W. F. Boone, Pontotoc, and Cary Nobles, Natchez. Holdover directors are: T. L. DeLashmet, Jr., Moss Point; Morgan Ellsworth, McComb; Lee Meyer, Meridian; Fred Vann, Corinth; J. W. Yarborough, Clarksdale; Rea Godbold, Brookhaven; Roy Hanf, Greenville; Henry Jones, Columbus; Henry Sneed, Gulfport, and Zach Taylor, Jr., Jackson.

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The office of secretary-manager is not an elected one, but if anything keeps Clant M. Seay, Jackson, from continuing, it will not be initiated by the Mississippi agents. Now the second oldest state secretary in the country in years of service—though by no means in birthdays—Mr. Seay is as close to being an "indispensable man" as anyone can be.

Two other resolutions were prompted by current issues. One asked the Mississippi insurance department to investigate any possible overcharges on insurance on financed automobiles in the state, both to protect the public and to help preserve state supervision. The other called for companies making deviations to be required to justify them affirmatively and, in case of participating insurers, to show that dividends are earned and not paid out of surplus.

A high point of the festive dinner Friday was the presentation of the J. H. Johnson memorial award to Theo. Hardy, Vicksburg. O. S. Johnson, Clarksdale, past Mississippi and NAIA president, after whose late father—Mississippi president in 1926 and 1927—the award is named, made the presentation, emphasizing that it was in recognition of Mr. Hardy's services over 53 years in the business. Entering the business in New Orleans in 1904, Mr. Hardy soon moved to Vicksburg, joining the R. C. Wilkerson agency, of which he is now president. He was a wheelhorse of the Mississippi association for many years, contributing much in 1938 to the enactment of the countersignature law. After being president in 1941, he became national councilor, a position which enabled him to play a major role in the 1942 NAIA reorganization. He was the first Mississippi state national director. After he resigned that position to make room for Mr. Johnson and facilitate his rise to the NAIA pinnacle, he became Mississippi's first and only "director emeritus"—automatically a member of the board, of which meetings he has missed very few.

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Mr. Brannin, the new president, operates his agency at Starksville with Mrs. Brannin, who has been in the insurance business since 1937, when he joined the Herbert agency of Starkville. A native of Aberdeen, Miss., Mr. Brannin graduated in electrical engineering at Mississippi State and worked in the contracting business with his father until 1932. He then went with Tennessee Valley Authority and, after he had put in some time with other government organizations, he and Mrs. Brannin acquired this agency in 1945. He was president of North Eastern Mississippi Agents Assn. in 1949 and served on the board of the Mississippi association until 1956, when he became vice-president. In his non-business life, Mr. Brannin is an expert on camellias and spoke at the Friday ladies session on camellia culture.

The NAIA advertising program was presented, with slide films and TV kinographs, Saturday morning by N. E. Tonks, New York, media and marketing director, Doremus & Co., the agency which devised the program. In the discussion which followed, Mr. Tonks was assisted by two NAIA executive committeemen, M. V. V. White, Allentown, Pa., who also spoke as the official National Association representative, and M. J. Hartson, New Orleans. Both visitors did an outstanding job in explaining the background and the session left no doubt about the loyalty of the Mississippi agents and their understanding of the seriousness of the competitive problem.

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Observers have often wondered how the Mississippi agents have been able to stage, with great success, meetings in a resort hotel, which, while admittedly a fine one, is located "lobsidely"—far from the geographical or population center of the state. Perhaps the answer—at least to an observer—lies in the way Mississippi agents have been persuaded to use the meeting as a vehicle for family vacations. Children are not only welcomed at Edgewater Park—they are cordially invited. The meeting is always scheduled for after every school in Mississippi is dismissed. There is a "Junior agents" registration and special activities for sons and daughters of Mississippi. Likewise, the Edgewater Gulf offers attractive rates for children. As a result, the 1957 meeting had 62 "Junior agents" registered—and this was by no means a record-breaker.

Besides Messrs. White and Hartson, W. G. Demouy, Mobile, immediate past president Alabama Assn. of Insurance Agents, and Mrs. Demouy were recognized as honored visitors.

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At the dinner Friday, two accolades were particularly worthy of mention. E. M. Allen, now living at Pass Christian, took a bow. Mr. Allen has the unusual and so far—unique distinction of having been both president of NAIA when he was an agent in Helena, Ark., and later a prominent company official as vice-president of National Surety. Jules Simoneaux, New Orleans, also took a bow in a triple capacity—as senior partner of the well-known Henry A. Steckler general agency, one of the hosts of the Friday luncheon, as past president of American Assn. of Managing General Agents and as most loyal grand gander of the Blue Goose.

In his presidential report, Mr. Wells laid the groundwork for two of the major resolutions of the meeting by criticizing the number of deviations permitted in Mississippi and pointing out that there is great need for improvement of advertising and public relations on the part of independent agents and their companies. He said agents should admit realistically that price is an important factor in inducing people to buy insurance from their competitors, but he is by no means convinced that commissions and other items of acquisition cost constitute the sole difference in price. He said that he personally and most agents with whom he has discussed the matter are pleased with the comprehensive dwelling policy, which has been approved in Mississippi instead of the homeowners forms, and also with the commercial property program approved this year.

Commissioner Davis, who had just returned from the meeting of National Assn. of Insurance Commissioners at Atlantic City, spoke briefly Friday morning on needed legislation in Mississippi. The surplus line law is sound in principle and serves a legitimate purpose, but in its present form it is open to abuse and should be amended. At present, the Mississippi laws require deposits only of domestic life insurance companies and should be strengthened to require deposits from all insurers of all types, foreign and domestic. The present procedure for hearings on charges which may lead to revocation of agents' licenses is unsatisfactory, particularly because there is no authority to compel the attendance of witnesses. Mr. Davis said he personally does not think the commissioner should be vested with judicial power, but he would like to see some legislative provision whereby these hearings could be put under the wing of a court of competent jurisdiction, with subpoena power.

Mr. White discussed the accomplishments and problems of NAIA at the Friday morning session, pointing out what the association has done in combating group insurance propositions. Much remains to be accomplished on this score, he said, and he urged every agent, on hearing of any such proposal, to send all available facts immediately to his state association and to NAIA headquarters. The Washington office, Mr. White said, has grown tremendously in stature this year, with its work against the FHA self-insurance proposal and the proposal to permit national banks to sell insurance, as well as the way it represented agents in the senate committee hearings on insurance overcharges by automobile dealers. Mr. White said the lack of real communication between agents and companies is a serious problem, formal meetings accomplishing very little, but he is convinced that, despite the frightened opinions of many, agency companies are firmly committed to the American agency system, know they cannot get along without agents and have no intention of trying.

At the Saturday session, Mr. White reviewed the background of NAIA's efforts in the advertising and public relations fields, including the work of the older public relations committee and the present advertising committee, which culminated in the current proposed program.

J. C. O'Connor, Cincinnati, executive editor *Fire, Casualty & Surety Bulletins*, discussed trends at the Friday session, particularly in automobile and package contracts. The news that North Carolina had passed a compulsory automobile insurance law added much interest to his comments on the various steps and proposals offered to stave off compulsory and the differences of opinion about them among the various segments of the insurance business.

The interest of the Mississippi agents in the automobile picture was further demonstrated Saturday morning when the meeting room was jammed to overflowing for a panel discussion of competitive rates and coverages in the state. Mr. Taylor,

(CONTINUED ON NEXT PAGE)

Top, National Bureau representatives at the NAIC meeting in Atlantic City—Thomas Murrin, assistant actuary, and Elmer Twaits, assistant secretary. Bottom, P. Paul Beardsley and Ralph L. Patton of the Illinois department. Photographs by Harry Fuller of the National Bureau.

Above are officials of the conference committee of Midwest Territorial Conference of NAIA and Western Actuarial Bureau which held its annual get-together for agents and company men at Union League Club in Chicago last week. From left to right are: George A. Timm of Kenosha, secretary; Rush W. Carter, vice-president of Aetna group and chairman of the WAB executive committee; Emil L. Lederer of Chicago, chairman; and Robert M. Byrne of Omaha, vice-chairman. Agents representing 15 midwest states met with bureau men and western department managers to exchange viewpoints on common interests.

who was chairman, presented a mimeographed comparison of the family automobile policy with the current forms of the three major competitors in Mississippi—State Farm, Southern Farm Bureau and Allstate—and also of the rate schedules, broken down by territories. He was assisted by George Garner, Jr., Grenada, who talked on details of coverages and points which independent agents should stress. J. W. Yarbrough, Clarksdale, the other member of the special committee, was unable to be present.

The Saturday program was rounded out by a film of General Adjustment Bureau showing the Dallas tornado disaster and a talk by W. A. King, New York, insurance merchandising manager of *Life* magazine. Mr. King, with the aid of slides, showed the tremendous expansion of industry in Mississippi and the opportunities this creates for insurance men. Committee reports and resolutions closed the meeting.

Travelers to Install Electronic Elevators in All HO Buildings

Electronically controlled elevators are to be installed in Travelers group buildings in Hartford. The elevator division of Westinghouse Electric Corp. had been awarded a contract to change the 24 existing elevators into the latest system of operatorless elevators.

Work is expected to start this October and will be completed June, 1959. Only a portion of the elevators in each building will be modernized at a time to keep disruption of traffic at a minimum.

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Travelers' buildings comprise the largest group of buildings in Hartford. When the new elevator system is completely installed, these buildings also will have the most modern method of vertical transportation in the country.

The new elevators will need no human supervision to keep them running at maximum efficiency. The large number of people moving up and down the buildings will be continually monitered by an electronic "brain". From the size and direction of this movement, the "brain" will be able to decide the best dispatching pattern for each of the buildings and will dispatch the individual elevators accordingly.

Present operators will be absorbed into other company activities, so the change-over will not mean the elimination of any jobs.

NAIC Issues Report on Auto Misclassifications

(CONTINUED FROM PAGE 2)

to ascertain the effectiveness of the change of the NAUA manual.

Attached to the report was some statistics furnished by NAUA showing the remarkable changes in the percentage of class 1 and class 2 business of 11 companies involved in the misclassification issue from the period July 1, 1954-Sept. 30, 1954 as against Dec. 1, 1956-Jan. 31, 1957. For example company "A" in the first period had 28% of its business in class 1 and 70.5% in class 2, but in the second period had 95.2% of its business in class 1 and 2% in class 2. Approximately the same figures followed for the other 10 companies.

While the NAIC report made no mention of it, it seemed evident that the commissioners could feel the eyes of congress upon them following the senate hearings on auto financing. ..

Marietta, Ga., Agent Supports Editorial on Meeting Competition

Dick McNeal, who has managed Kennesaw Land & Insurance Co. agency of Marietta, Ga., for the past three years, and who was a field man for Aetna Casualty prior to that, has written in support of the editorial "How Local Agent Can Meet Competition" which appeared in the May 9 issue of The National Underwriters:

THE NATIONAL UNDERWRITER should be commended for its editorial appearing in the May 9th issue entitled "How Local Agent Can Meet Competition". In this article appeared succinct comments that all agents should agree with and do something about. In particular, the suggestion that "most of the responsibility for getting more of the total premium income for the agency companies lies with the agents of those companies very much more than it does with the companies themselves" seems highly pertinent and correct. For this reason, I would like to suggest that there is a more important area of "self-help" needed than absolute sales emphasis. That area is *better agency management and operations*. There seems to be a vast gulf of indifference to this problem that exists in practically all agencies, large or small.

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The insurance business is as large or larger than any other single industry in the United States. There is no other business operation of any size one can think of today that does not emphasize advertising, merchandising, and management. Just in the past few years has there been any great increase in national advertising for the insurance product. There is reason to believe most of this advertising was motivated by direct writing competition. The advent of State Farm, All-State and Safeco have seen new merchandising methods used. But nowhere is there any effective thought given to better agency management and operations.

Many years of experience as a company man and then as an independent agent has proved to me that many agents hamstring themselves in not adapting new methods, new equipment, and new sales concepts to their agency operation. But where are they to get a concrete idea of all around agency management suited to their needs, their town, and their personality? Surely there must be some standard of operation that will work as well in Michigan as in Oregon. Some insurance companies profess an interest in this field but cannot do the full job just because they are company men.

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Several insurance supply houses around the country profess some knowledge of agency operation but only narrowly in the accounting and records end of the agency operation. Also, they might tend to be somewhat prejudiced in favor of their product or service. There are agent's training schools and state insurance seminars to learn the product and effective sales methods to market but rarely and then only lightly is any thought given to agency management. In truth, the agent has progressed from the old policy register book to the rediset. Most other facets of agency operation have been of his own making or from a myriad of other sources such as magazines, company men, etc. As the agency business and potential grew enromously after the war, he was and still is using those methods to handle vastly more business and consequently, vastly more probelsm.

There is quite a precedent for my remarks having to do with the lack of agency management facilities. All large chain operations hire men to do nothing else than provide management training and aids. All independent stores such as drug, variety, grocery, clothing, etc. are constantly advised by trained management specialists in their field. All automobile dealers are constantly advised on management problems by specialists. If this is of paramount importance to other large industries and has proven successful, why not in the insurance field?

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The myriad complexities peculiar only to the operation of an insurance agency cannot be lightly delegated to some magic formula of better management. They will still exist. But certainly there are new and better ways to run any business in a highly competitive market: Better equipment, more appropriate equipment, better and simpler accounting methods, to name only a few. Advice on other problems such as purchasing an agency, selling an agency, when to get another man and how he should be compensated, are other equally vexing situations that have to be met sooner or later in any successful agency.

There is hardly any agency in the country that couldn't increase net income at least 10% if he had the advice and professional service to fit his needs. He would also have the satisfaction of knowing more about his agency and such a service would reduce many of his headaches. By better management, he could personally deliver more renewals, he could personally solicit and develop his present accounts, and he would have more time to tell of the important personal relationship needed in any insurance transaction. But perhaps most important, he would have much greater time and incentive to sell and relate to his present customers. Outmoded management concepts saps the will of agents and solicitors to do all the things necessary to maintain a healthy independent enterprise.

The American agency system will grow and continue to flourish so long as a new approach is given to management. Let there be a general reevaluation of agency operation so that a positive dynamic sales effort can be utilized to dramatize the advantages of dealing with your *local independent agent*.

Illinois Mutual Casualty has appointed **Charles McCord** public relations and agency promotion manager at the home office.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

usual practice is for agencies to throw away the old rate sheets and replace them with the new. Many are said to have done this.

The reversal of the approval order by the Connecticut department and the late notice startled the insurance people. With new, needed higher rates already in effect practically and probably legally, companies and bureaus were, at midweek, seeking to determine a course of action.

It is understood that the rug was yanked from under the department by Gov. Ribicoff, who has been doing a good job in traffic law enforcement, notably on speeders, and a rise in auto rates, he apparently feels, makes his enforcement program ineffective.

(Story on National Bureau and NAUA filing elsewhere in this issue.)

LaFrentz Retires, McKell Elected

Arthur F. Lafrentz, chairman of American Surety, is retiring July 1, the 44th anniversary of the day he joined the company as deputy comptroller. W. E. McKell, president, was elected chairman as well.

Mr. Lafrentz advanced through positions of increasing responsibility with the company. He became comptroller, vice-president, first vice-president and, in 1932, president. After 23 years in this post, he became chairman in 1955.

Lawton Resigns as Security-Conn. Head

G. Albert Lawton, president of Security of Connecticut and of Security-Connecticut Life of that group, has resigned. Directors were scheduled to meet midweek to elect a successor.

F. A. Hall, secretary in charge of the Pacific coast department at San Francisco, also has resigned.

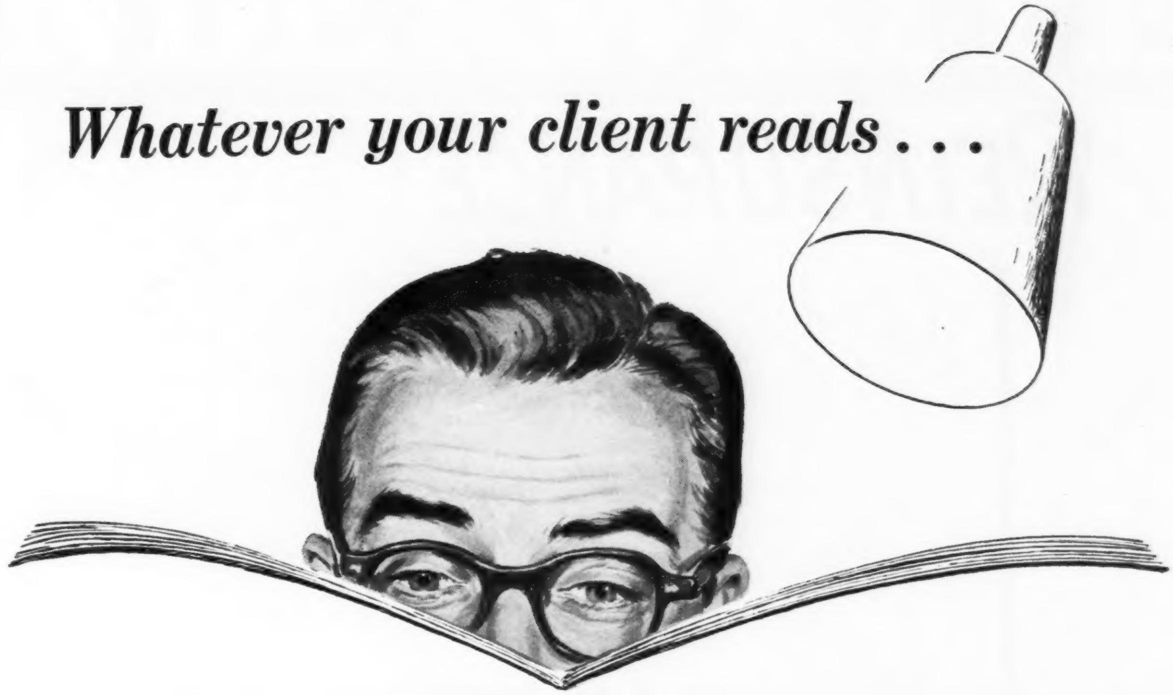
Mr. Lawton, who had been in the life field with Aetna Life from 1939 until he joined the new Security-Connecticut Life last year as executive vice-president, was elected president of the Security companies in March, this year, to succeed Norton Simon, Los Angeles financier, who had held the post three months.

STOCKS

**By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, June 12, 1957**

	Bid	Asked
Aetna Casualty	140½	142
Aetna Fire	67¾	68¾
Aetna Life	201	205
Agricultural	27	28
American Equitable	30	31½
American (N. J.)	27	28
American Motorists	10½	11½
American Surety	20½	21½
Boston	33¾	34¾
Camden Fire	28	29
Continental Casualty	91	92
Crum & Forster com.	64	65½
Federal	39	40
Fire Association	41½	42½
Fireman's Fund	51½	52½
Firemen's (N. J.)	34	35
General Reinsurance	49½	50½
Glens Falls	29½	30½
Globe & Republic	18	19
Great American Fire	35½	36½
Hartford Fire	153	155
Hanover Fire	37½	38½
Home (N. Y.)	39¾	40¾
Ins. Co. of No. America	106	108
Maryland Casualty	36	37
Mass. Bonding	31¾	32¾
National Fire	78	81
National Union	35	36
New Amsterdam Cas.	47	48
New Hampshire	38	39½
North River	32¾	33¾
Ohio Casualty	22¼	23¼
Phoenix Conn.	66¾	67¾
Prov. Wash.	19¼	20
St. Paul F. & M.	63	64
Security, Conn.	29	30
Springfield F. & M.	45½	46½
Standard Accident	58	59
Travelers	83¾	84¾
U.S.F. & G.	69½	71
U. S. Fire	25½	26½

Whatever your client reads . . .



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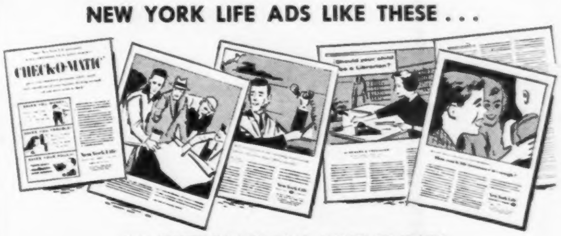
People in every age bracket, on every social and economic level are exposed to New York Life's power-packed advertising program throughout the year.

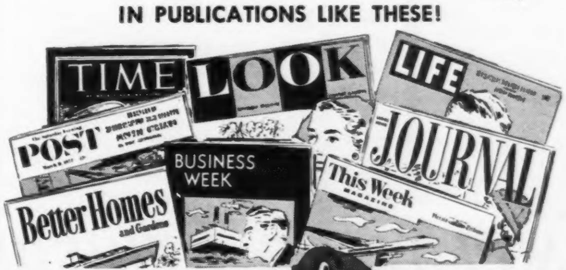
A continuous schedule of hard-working ads in national media appears before *more than three-quarters of a billion readers annually!* This includes ads in magazines like *Life, Look, Saturday Evening Post, Ladies' Home Journal, Better Homes and Gardens, Time* and *Sunday Magazine Sections*—to mention just a few.

New York Life's saturation advertising program is a vital factor in telling insurance prospects about the Company's complete line of insurance products. It helps *pre-sell* your clients on buying New York Life policies from you!

LOOK FOR SALES-STIMULATING NEW YORK LIFE ADS LIKE THESE . . .



IN PUBLICATIONS LIKE THESE!



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